

**COMMITTEE OF THE WHOLE**  
**DECISION-MAKING**  
**FY 2013-2014 ANNUAL BUDGET**

**MAY 9, 2013**

A Decision-Making Meeting on the FY 2013-2014 Annual Budget of the County of Kaua'i was called to order by Jay Furfaro, Chair, Committee of the Whole, on Thursday, May 9, 2013, at 9:29 a.m. at the Council Chambers, 4396 Rice Street, Room 201 Līhu'e, Kaua'i, Hawai'i and the presence of the following was noted:

Honorable Tim Bynum  
Honorable Gary L. Hooser  
Honorable Ross Kagawa  
Honorable Nadine K. Nakamura  
Honorable Mel Rapozo  
Honorable JoAnn A. Yukimura  
Honorable Jay Furfaro

The meeting proceeded as follows:

Chair Furfaro: Good morning everyone. I would like to start what is one (1) of four (4) days of Deliberations with some of the particular housekeeping that I am going to lay on the table first. These next four (4) days as posted are the Deliberations on the budget. I will allow public testimony in the morning for those that are in the audience that want to speak each day on the subject matter. Once we go into Deliberations, I want to make sure that we all understand we go into Deliberations. For the members, you have two things in front of you. You have your detailed message from the Mayor that has been distributed yesterday and then also a new item that you have from me as Chair, you had private time with the Staff to identify and list items that you want to make either a plus or minus suggestion on. This is something that I hope to expedite our process. I also want to say that I will be calling forth after the Mayor has given time today an agreement from the members that the submittal by the Mayor, we will vote on to work off of so that we work off of one document. That will be firmed. Do not mistake my willingness to *kōkua* everybody to have time with the Staff to get notes in front of you with the fact that we are going to approach this in a systemized method. We will go through the changes, if I can get everybody to agree, to vote to work off of the May 8. You will see the attachments that you got from the May 8<sup>th</sup> shows the Administration's plus and minuses. We will vote on that after the Mayor. Let me finish my little overview, JoAnn.

Ms. Yukimura:

Yes.

Chair Furfaro: The other particular piece that I want to make sure that we understand is we are going through the expense cycle first and if you identify as I said in my original March 15 note, something that you are willing to delete, you may lead us to understand what you want to add but we will have that discussion at the second part of the plus and minuses. For the public, I want to let you know that I will set aside and it is unfortunate because I have been hit with an OIP complaint that people could not speak. It is unfortunate that I got to take the time out to respond to that – your time is posted at the beginning of the meeting and that has been the situation through the entire budget process. We have by the calendar and Charter, we have "X" amount of days to send back the message to the Administration in the afternoon of the 14<sup>th</sup>. We have a structured schedule. An extra week is given in there in the event any activities leading up to the budget wants to be reconsidered by members. You have to go and ask for a particular posting and follow the rules. In following the rules today and reviewing it with our Attorney's, it cannot be a Special Meeting on a reconsideration, it has to be in a regular

Council Meeting, so that means any reconsideration requested need to be by the May 22<sup>nd</sup> deadline and you need to get it in writing and your justification for asking the reconsideration. Remember, any reconsideration on any bill or item that came up through this period of time, you have to be in the prevailing voting number. You cannot be a descending vote and get reconsideration; you have to be in the prevailing vote. I will get into more of those details a little later but ultimately we want to have our conclusion made so we can submit it back to the Mayor. On agreement on the May 8 submittal by the Mayor, I will actually be calling a vote later after the Mayor speaks but we cannot be going back and forth from March 15<sup>th</sup> submittal to the supplemental response from May 8, we have to agree on one. JoAnn, did you have a question?

Ms. Yukimura: I believe both verbally and in writing we were told that we were going to be working off of the March 15<sup>th</sup> budget, so that is changing or are you saying that we are going to move to amend?

Chair Furfaro: No, this is what I am saying... I am going to ask for a vote later today to get all of us in agreement to work off of May 8<sup>th</sup>. In the past, we were confusing people to going back to the March on certain things and going back to the re-submittal... it will be a vote, JoAnn. I will make that motion to get an agreement on May 8<sup>th</sup>.

Ms. Yukimura: I think formally we probably need to amend the bill before us but before than...

Chair Furfaro: I do not want to get into that discussion now, we can have it when we call for the vote and I know what I am going to do on an amendment.

Ms. Yukimura: Okay, so I am thinking that we got the May 8<sup>th</sup> budget yesterday that there needs to be a briefing by the staff... oh, we are going to get the briefing from the Mayor and his staff so that we know what is in the May 8<sup>th</sup> submittal?

Chair Furfaro: Yes, and you have your comparisons from our staff.

Ms. Yukimura: I do?

Chair Furfaro: Yes.

Ms. Yukimura: Okay and then procedurally Chair, on another matter that you mentioned, I agree with you that we should look at the cuts first but I am thinking that those of us who voted against revenue proposals by the Mayor need to talk about how we are going to balance the budget before we go into small item deletions.

Chair Furfaro: I have said since March 15<sup>th</sup> the fact that if you vote "no" on a revenue item, makes sure you show us a recourse either through expenses or other found revenue to put into the budget.

Ms. Yukimura: I am thinking that should be the first item of discussion in terms of the cuts. Thank you.

Chair Furfaro: That will be the first item of discussion. Also, for housekeeping notes, we are breaking at least the Vice Chair and I are breaking to join the Mayor at 11:00 today to greet visiting guest that are Eastbound to us right now on a flight. Also, we will not return as a body because others will be going to the recognition awards from 11:00 and back here at 1:30. We will not go and this will be my parting comment, we will not go past 4:30 today for good reason. This building is 100 years old this morning as we are sitting down. I want to personally thank the Administration and the Mayor the teamwork that has gotten us to this point. The Museum is having a business after hours

and I will be making myself available and if any of you would like to join us from 5:00 – 7:00 to give tours of our building on its 100 year of operation. So, Happy Birthday building! We are delighted to be here and Mayor, to your team, thank you, for a great job in restoring this facility.

With seven (7) members present at today's start of deliberations, is there anyone in the public that would like to speak now on the budget items? It is my plan to let the Mayor speak last and address the Council. Ken, come right up.

There being no objections, the rules were suspended.

KEN TAYLOR: I was not planning on being here this morning but when I read the paper this morning and saw that there was an additional 350,000,000,000 added to the proposed budget, that was a little concerning to me. If that is an accurate article or if I interpreted that correctly, I am very concerned about that. We have a National economy that has been getting back on its feet built on quicksand. We have the airlines talking about reducing the number of passengers seats coming to Hawai'i. We have a community that is still hurting from the activities that took place in 2008 and I think it is important and all due respect to the Mayor and his staff that we do not add any additional funds to the current budget. I know there is a lot that needs to be done but right now is the time to tighten up our belts and do the right thing for the community as far as not putting more economic burden on them by spending more money at the County level. I think it is really important for you folks that when you move through the deliberations and I will take a moment to just say that I have not had the opportunity to read all the paperwork that you have in front of you. So, basing the comments primarily on the article that was in the paper this morning. I just think that it is really, really important for you folks that as you move through forward with the budget deliberations to take into considerations the activities that are out there, as I say, the Nationally economy is built on quicksand, the airlines talking about eliminating passenger seats to Hawai'i, these are going to have major affects on the economy later this year and as we move into next year. So, please be very, very cautious as to how you move forward with the current proposal. Thank you.

Chair Furfaro: Questions for Ken?

Mr. Bynum: Are you aware Ken the HGEA and UPW are completed, not quite all but most of the collective bargaining and so that the increase of the budget is to pay our employees their collective bargaining – what has been negotiated and they have gone without raises and staff increases most of them for a number of years. Are you aware that the increase is because of that?

Mr. Taylor: I am not. As I said, I only aware of the increase because of the article in the paper today and I have been able to read any of the paperwork that you folks have in front of you.

Mr. Bynum: Are you aware that the State Legislature has capped the TAT that will cost the County \$9.7 million in this next Fiscal Year of reduced revenue of what we would have received under the formula that lasted for years?

Mr. Taylor: I am not aware of that but let me say something that took place in California back in the 70s when...

Mr. Bynum: I just asked the question if you were aware of these issues.

Mr. Taylor: No I am not but it is important to understand that when cuts take place, you have to tighten your belt. You do not ignore it and this is what I was trying to relate to what happened in California when Section 13 was put in

place, at that time the State had a five billion dollar budget and instead of tightening up the activities, if the State, County and City levels, they elected to take that five billion dollars and dish it out until it was all gone. Then they all cried wolf because there was no more money. They had a period of time where they could adjust to tightening the budget in their belt...

Mr. Bynum: Ken, I did not want to debate California with you. I just wanted to ask that question.

Mr. Taylor: I understand.

Mr. Bynum: Are you aware of these realities that this Council has to deal with and this Mayor has to deal with?

Mr. Taylor: I have answered your question, no, I was not aware of it.

Mr. Bynum: So, enough.

Chair Furfaro: Okay, that is it. He answered the question.

Mr. Kagawa: Ken, I have a lot of people who I know, like you, who are frustrated and it is because we have overspent in the past years. Do you feel that our overspending is why we are here now, in trouble?

Mr. Taylor: I believe that is the case and I think it is time that you tighten the belt.

Mr. Kagawa: We should have tightened it up years ago instead of pointing out all of these facts today and try to criticize you. So, thank you.

Mr. Taylor: Thank you.

Chair Furfaro: Ken, I want to share a couple things with you, first of all, on the overspent item, there were four (4) Charter amendments in the last six (6) years that added costs. That was the people choice and if we are guilty of anything, perhaps we did not portray to them that adding or putting on the ballot an Office of Boards and Commissions would have added nine hundred and ninety thousand dollars (\$990,000) a year in the budget because that was not there before. We had four (4) Charter amendments, one of them was the Audit Department, they voted for that and it added one point three million dollars (\$1,300,000) to the budget. There are a whole series of Charter amendments that these ideas come up, we are portraying to the community, the community votes on them, and they get added. Off-line, I will be glad to have some discussion with you but I do not want you to leave today without some answers to your questions. That will be number one of the three million that you read about in the Garden Island, and I have not read the Garden Island today. Our CIP investment went from forty-nine million one (\$49,100,000) to fifty point five million (\$5,500,000), so right there, is a million for that... and I am going to give you the details, so you can digest it. I will make off-line time for you. I think Mr. Bynum talks about the other piece that dealt with the cost of wages, salaries, and benefits that are in negotiation now. That, I can share with you but I would like to leave it at that right now and I will make time for you as I have in the past to you and Mr. Mickens and go through that. I will be glad to do that.

Mr. Taylor: Can I just make one comment?

Chair Furfaro: If you make it very short.

Mr. Taylor: You mentioned a million, I believe a million two for the Auditor's Office, I think the recommendations in his reports to date would probably more than offset – if they were followed, would more than offset the cost of that Office. Thank you.

Chair Furfaro: I want to make sure you understand that is your opinion.

Mr. Taylor: Yes.

Chair Furfaro: Okay. Scott, will you give this to Mr. Taylor. Is there anyone else that would like to talk this morning? If not, I am closing today's portion at 9:30 for public testimony but before I do, Mayor, our rules are suspended and you have the floor. Good morning, Mayor.

**BERNARD P. CARVALHO, JR., MAYOR:** Good morning. This is the first time that I will be becoming before you to address you again after we delivered our budget in March. It may not be my last but I feel strongly that I wanted to be here this morning just to share with you again on some of the key areas and some of the critical areas that we need to be very mindful of as we continue through this process. I hope that my presence today communicates the importance, like I said, and not just this year but for years to come. I am not going over the entire budget in details because we have a very qualified Department Heads – all of them, qualified to support the bigger picture and provide all the details necessary to give you the information that you need so we collectively can make the decisions that we need to make. First, some thoughts on revenues, in March, we provided you with a budget that built upon various assumptions regarding revenue. As we explained, as Council Chair reiterated during his opening budget remarks and as several of you, members, have articulated through our budget discussions, the time has come to address overdue revenue adjustments. Since 2009, we have implemented minimum tax and fee adjustments because we are experiencing some difficult, economic conditions. Many of our fees have not been adjusted for a decade or more and the simple fact that they have not kept pace with increases in our fix costs, or fee structures in other Counties. So, the cost of doing business has gone up significantly, we have not made the necessary adjustments to our revenues. In addition to fix costs rising, we had three (3) Charter amendments in the past decade that have created three (3) new Departments, like our Chair just mentioned – the Parks and Recreation Department – brand new Department trying to manage and bring Department of Parks and Recreation to a place where we can move forward. The Office of Boards and Commissions and of course the Office of the County Auditor. We have been forced to address very costly legal issues such as Endangered Seabird Protection and the Americans with Disabilities Act Compliance – very costly. We have expanded the Kaua'i Bus, built a new fire station to serve our largest district, and we are automating – automating our trash collection island wide. These services are very expensive to provide and yet we have not adjusted our revenues to pay for them. We believe very strongly that it is time to address revenues and to bring our tax and fee structures back into line with current expenses while also keeping them in line with State averages and in the case with Property Taxes, what we are proposing was simply to return us to a tax rate that were in place in Kaua'i a decade ago.

Let me touch upon expenses. This proposal is based on actual operating expenses for FY 2010, 2011 and 2012. We did a cross section analysis, we looked at trends, and we looked at how we can really look at a better manager our fiscal operations. The proposals are based upon actuals. The budget that we are presenting is a 3.5% decrease from the current fiscal year. The budget that we are presenting contains no new positions in administrative departments and proposes to dollar fund and short fund some positions to save costs. The budget that we are presenting ushers in a new era in a vehicle replacement program, getting every last mile possible out of every vehicle before purchasing a new one. However, just because we are asking for less does not mean that we will be delivering less. I want to make that clear. In fact, I believe that the opposite is true for the past five years,

we have invested a lot of time into reengineering, refocusing much of what we do. The operations that we today are more efficient, better managed than they were five years ago and we continue to address areas of our operation that suffer from lack of technology, coordination, and planning. Since taking office in 2008, I can point to numerous examples of positive adjustments that we have made – they saved us money and result in better service to the public. Number one, our Capital Improvement Program, several years ago we re-described an Executive Assistant position and appointed a CIP Program Coordinator. This move have allowed us to completely revamp the management of the CIP program before the CIP program worked, it was spread out in many departments. It was fragmented and it was not coordinated, projects stalled or were not properly named. I said, every single project in this County will have a story to tell, so we can explain to you the Councilmembers so that you can make the right decisions, we can make the right decisions. Now, we have strong coordination, communication between Departments, very important, and access to volumes of information that we did not have before. Number two, our Budget Team – upon the retirement of our long time Budget Manager Alvin Honda, God bless him. He reorganized the budgeting function, we used existing positions and created a three-person budget team that manages not only the development of the annual budget proposal but oversees implementation of the budgets throughout the year. First time we started, right out of the gates, right in July, August, and September we started. We have all seen the results of this amazing team which by the way has met with all you at your beck and call so we can at least keep you engaged out of the gates. That team provided an analysis, research, and previously was not possible. It was not possible. But we were able to do some really good analysis, and looking at the information, and coming up with good solid numbers. Number three, going paperless – in 2011 we implemented the system for managing job applications which is an online paperless process, this was the first of several projects that we have completed replacing manual systems with much more efficient and convenient technologies based systems. Number four, as outlined in the March 15<sup>th</sup> budget, in our message, in just the past year we have undertaken numerous organizational initiatives that have improved services and made us more efficient. I will not go into detail but again they include consolidating a Human Resources function under the Department of Personnel Services implementing online procurement and e-Plan Review System which take a lot of coordination in making sure that all the team members within this County are coordinated to assure that this e-Plan System moves forward and as close as we can to our paperless operation. Creating a small engine repair team in Transportation, looking at managing better and how we can be more efficient, we have created a Small Engine Equipment Team in Transportation. Now, our small engine repair, our weed-eaters, and blowers, etc., have more attention that they need – management to make sure that we address it. Reorganizing various structures within the Department of Public Works to reduce overtime, very important, a move we expect to save up to four hundred dollars in its first years. Appointing and empowering the staff level Green Team that is implementing measures, I can go over all of that with you again, our entire energy efficient program, in service programs, to be efficient and better management in how we do our work. To save resources and dollars. This type of change is not easy nevertheless, our commitment to finding better ways to operate is well demonstrated and will continue. Our focus next year is to implement management changes that will result in positive movement in both the Wailua Golf Course and in our Solid Waste Division, particularly in the Puhi Metal Recycling Center and continued progress towards opening a Materials Recovery Facility.

I would like to add that we also focus on creating on a more effective way to deal with Transient Vacation Rental enforcement. As was discussed on the Council floor yesterday, and before I go on into my overview on that particular subject matter, I would ask you, Chair Furfaro, between you and I, as Mayor, I employ... I meet with my Department Heads every day and I always tell them, when you come over to this side of the fence, to this arena, you come here with respect. You come to this table prepared and you answer the questions with respect, you make sure that when you are here, that is delivered to you Councilmembers in a very respectful way. I would hope Council Chair between you and I that the Councilmembers on this floor do the same when our management people are here. I just ask that. There is no need to disrespect our Department Heads who are

professionals and who work hard every day and do good work. Our Planning Director Mike Dahilig is very capable and very qualified, like many of our Department Heads are – all of them. So, I just wanted to share that with you that I would hope that Councilmembers would really be respectful as we have been always to share information that is all I am asking, please. That we do that.

Chair Furfaro: I do understand your concern. I think it is extremely important that we be mutually respectful of each other. It is the principle of *aloha*. Yesterday's episode and I hope to have a private conversation with you because we did our best to accommodate Mike and in return if he had to leave for another engagement, his Deputy was not available to us, his Long Term Range Planner was not around, and if there is a single most important item and I know you see this the same as I do, it should have gotten high priority yesterday. If he had to leave, after I did the best I could to accommodate his schedule, I would have appreciated that he had his Deputies here.

Mayor Carvalho: Let me respond to that – immediately when I found out about that – I said “Mr. Dahilig and all of our Councilmembers on Wednesday's, you are present there are no trips period.” So, I apologize for that but at the same time, there is a respect that happens on the floor, he did ask for permission but it will never happen again, thank you. I would like to add that we will focus on creating a more effective way to deal with transient vacation rental and enforcement as it was discussed on the Council floor yesterday. You can be assured that we do have the political will to deal with this issue – I have no problem with that. I support Councilmembers efforts. Before we rush ahead Councilmembers, please understand this, perhaps all we need to do is to step back and look at the bigger picture. As many of the issues and concerns come from this Council that ask us to do studies and take your time and really analyze, maybe it is way overdue, I admit it but we are working on it. I want to discard the notion that there is no enforcement on TVRs – that is simply not true. We are enforcing in many instances but enforcement actions are cumbersome and expensive based on the law that we currently have on the books. There lots of issues on it... the law part of it and so we are going to do it. I am committed. One of our Attorney's remarked after yesterday's session that it might be helpful to come back to you in Executive Session, again, to reveal all aspects of TVR enforcements and why we need to proceed cautiously and legally defensible manner – I agree with that. We should. Maybe it is long overdue but me, I am looking forward. I am not pointing fingers at nobody. I can point at Councilmember Yukimura, she was Mayor before but why should I point at her? It is not her, it is me. I take the responsibility with our team and we are moving forward. So, you can be assured that we do have all the political will to continue.

Bottom line as we continue to work very closely in finding solutions we are dealing with and we continue to look for more effective ways to deal with it but always within confines of the law – disregarding the TVRs. Finally, I want to touch upon something that I mentioned in my Budget delivery at the state of the County. I call it raising the bar and it refers to something we have discussed at length year and something I hear about on the daily basis from the public – our public watching us today. We absolutely much do a better job in maintaining our parks, and public facilities – we said that. We can do a better job and we will do the better job. Two months ago, I have been meeting regularly with my Department Heads in Public Works and Parks along with our CIP Manager, Purchasing Director, Budget Team to find a better way to manage our work order system. Low and behold we found the existing technology but we need to tweak things here and there to look at how to better manage the work order system with all the team members. It is not just Parks because Parks depends on Public Works, Public Works depends on Planning, Planning depends... everybody works hand in hand... it is not fix the leaky faucet, you cannot just fix it – we all got to work together. Now, if you look at when we formed the Department of Parks and Recreation, I mean, there is a green box there that was set aside... I might be going off too much but let me just say this... sorry about that.

Chair Furfaro: I will suggest that we give you just a second, take a deep breath, no need to pound on our desk...

Mayor Carvalho: No, no... I am not pounding because I am upset.

Chair Furfaro: But it is coming through on your mic.

Mayor Carvalho: I am pounding because I am excited about working together.

Chair Furfaro: Your passion comes through but do not pound on the desk.

Mayor Carvalho: Bottom line is... I am not going to read this anymore... I am done. Let us just say, can we just agree to disagree on things and work collectively. I am totally there to find solutions. You can throw everything my way to blame me, whatever you want to do, okay... but let us just figure out how we will make it work. We have an awesome team willing to come to you guys, Councilmember Hooser, Councilmember Rapozo... all you guys, let us talk. Why do we have to fight or argue? We can come to solutions, I am telling you guys, with the team that we have here. Thank you for the time and I am hoping that we can move forward with some comfortable dialogue and *mahalo* for all you folks do. Chair, you and I know we are in the canoe together and we are side by side and we are moving. *Mahalo*, thank you so much.

Chair Furfaro: Mayor first of all, thank you for being here this morning. I want to make sure that we all understand that aloha is a principle in our County and in our community and our State. Your point about maintaining effective relationships is one of the principles in aloha, so, I will accept your message. I also would like to on the flipside also say that please be sensitive about the Attorneys. They are not your Attorneys, they are my Attorney's as well.

Mayor Carvalho: Fair.

Chair Furfaro: And they have not come to speak to me about an Executive Session.

Mayor Carvalho: Right.

Chair Furfaro: And I am a client as is all the other members of this body. We are their client as well. Your message is well taken and I will call Al and see if we can set something up.

Mayor Carvalho: Al...

Chair Furfaro: To set up that Executive Session. When we change long standing habits, there is going to be fallout and I want to you recognize that as well.

Mayor Carvalho: Thank you.

Mr. Kagawa: Thank you, Mayor for all your work to the budget. This is my first budget session. First time really working with all of your Department Heads and I think I am been impressed with all of your Department Heads – their attitudes and willingness to try to getting better, communicate, and meet with me. I met with almost all of them individually on requests and I just wanted to say that your Department Heads and workers are a reflection of you. They have a lot of... they show a lot of class and respect and it is I think some of which may come off during the budget as tough

questions and it is only because I have the fortunate position of coming into this term and we are raising taxes and stuff for the first time in years. It is not a normal budget like the past previous four (4) years or so where all we decide is what do we want the most and this year it is if we want to add something, we have to cut something. It has been tough. We just approved the gas tax rate last night – that will bump it up another two cents (\$0.02) and I just heard from staff that went to fill today and it was \$4.17 at Costco. Those are the realities. People are not going to be happy about it but what is done is done, I guess. We will just move forward, like you said – work together and try to get this County back on track. Thank you.

Ms. Yukimura: Mayor, thank you very much for coming this morning. The fact that you are here speaks a lot about your leadership and your willingness to stay in communication with us. I think what you have said is true in terms of what you had tried to do to bring change to bring more efficiency and more professionalism to County government and you have done many positive things and I think I have expressed that throughout the budget hearings in terms of the very fine report that came from the Roads Division this year even though they are not complete with their analysis, I can see they are on the right track. The Human Resources development which I have supported all the way is something that is bringing wonderful improvements to the County beginning with how more quickly our entry level police positions are filled but in many other respects as well. Of course, I was delighted that the MRF is on the budget and you know the list is long and I think that has come procedurally from the fact that you have created a team and you are creating cross department teams that as you pointed out are necessary to getting the job done. That speaks really highly of your leadership. The other part which I see you also doing is really bringing aboard great managers from your Budget team to your CIP Coordinator to your Public Works Engineer and in other situations. A lot of these changes that you have talked about this morning have come about because you have really good people in place to do the work. Those are huge changes and I really commend and acknowledge you for it.

Mayor Carvalho: Thank you.

Ms. Yukimura: I guess the place that I have been really concerned about has been Solid Waste and the fact that there have... while there have been some good things, there have been also some real problems. We are scrounging for two million dollars (\$2,000,000) this year and that Puhi Metals thing is only one example of the kinds of issues. To me, the poor way of which the EIS was structured for the new landfill and the use of consultants has also been pretty wasteful so I guess I am looking for some assurance from your Administration that as you addressed the other issues in the past, that you will be addressing this issue.

Mayor Carvalho: Right.

Ms. Yukimura: And the Golf Course is the other area. When you come forward with ways to change this, you can count on my support.

Mayor Carvalho: Thank you.

Ms. Yukimura: Thank you.

Mayor Carvalho: Thank you. Our team members are always open to communicating.

Mr. Hooser: Thank you very much, Mayor. I think agree with much of what Councilmember Yukimura has said. I think it is testament to you being here today talking to us, I know it is your job, but to come and share with us. It is no secret that I have been critical of some of the management of the County and your Administration and it is only fair that I direct my concerns to you rather than not speak and then speak when

you are not here. So, I think it is appropriate and fair for me to express that to you and I have no doubt whatsoever in your heart, your aloha, and commitment to the County of Kaua'i, I want to be clear on that. Your Directors that have come especially these last couple of weeks, the Director of Finance had tremendous confidence in great respect with the work that they are doing. I applaud you for that and I want to continue to support that. It is public that I voted against a lot of the tax increases or all of them so far – fee increases. I share Councilmember Kagawa's concerns about just coming in and getting hit with every single fee and increase as possible. In looking at the history, and this is your 5<sup>th</sup> year, right as Mayor?

Mayor Carvalho:

Yes.

Mr. Hooser: And looking at the past 5 years and seeing that essentially every year the County spent more and more money going out than it had coming in – in terms of revenue and living on the surplus and seeing the expansion of government in the time when rest of the world was trying to cut cost. I understand that there is Charter amendments and I understand the Boards and Commissions but I do not believe that it takes nine hundred thousand dollars. We can do some of these things, I think, smaller especially looking at the income and I guess that is my concern is that, looking back I am being asked to raise peoples taxes, I have to say why? Why do we have to do this? And we should look back and hopefully learn from the past and looking back as seeing the growth of government for new employees, I am troubled by that and the fact that maybe small increases were not taking along the way. Maybe we did not slow growth a little bit or anticipation of running out of our surplus, so there is that management aspect of it. There is a very real fact that people today have less earning power and are worse off than they were 5 years ago, in general in the United States. People just do not have the money. I see it firsthand with all of us here, I have my own budget to work with and so adding another five dollars or twenty dollars, or thousands of dollars for some people given the situation where I do not believe that the income and expenses were managed as well as they should have been. Again, I recognize – I am not in your chair, I recognize that I am not the one making those decisions and so and I will be upfront with it, I was not there. I recognize that but at the same time you couple that with the Puhi Metals Recycling Facility – millions of dollars and we are not over that yet, you add it to the Golf Course, a million dollars a year, you look at the TVR issue, thousand maybe millions dollars there that we are not getting on fines. When the questions are asked, I am not confident that the answers are correct. It is not all about fixing, I appreciate your commitment to fixing it but it has taken years to get there. The Kapa'a Pool did not turn into that condition overnight, the Golf Course did not turn into that condition overnight, the TVR – somebody issued those permits. Why were those permits issued in the first place on some of those issues? And so I am troubled by those particular departments and actions and I just have a really difficult time taxing people more money in light of those situations. I am asking you and you have already expressed some thoughts today but I need confidence that the management of those issues... that somebody that knows how to manage a business is managing the Golf Course. Somebody that knows how to manage contracts is looking at things like the Puhi Metals Recycling and that it is handled. You talk about respect and I have great respect for you, Mayor and all County employees but I cannot sit here and have someone talk and avoid answers. I am not talking about any particular person but it happens where we do not get direct answers. We do not get satisfaction that the problem is being address and I cannot just smile and act like it is all okay when it is not okay. Sometimes it is challenging when we do not get the answers. Respect goes two ways. I have been waiting on information from your Parks Director since January. I was told that the reason it was delayed because I did not send the letter to the right person. Then I was told that the information was there weeks ago and I still have not gotten that information. It is a two way street. I want to thank you and I just hope you understand for me and a few others on this Council are coming from in regards to our hesitancy to continue to fund and raise taxes in some of these areas.

Mayor Carvalho:

Thank you.

Mr. Bynum: Mayor, thank you for being here today. You and I have met regularly for... ever since I have worked for the County. At one point, we were both working for Mayor Baptiste on the same team. I think I have grown as a Councilmember and I think you have grown as a Mayor. As I say to you when we meet, it is the nature of our relationship that we are going to spend a lot of our time discussing issues that we have great concern about. I think it is the time to acknowledge today, many positive changes that I have seen in the Administration over the last couple of years. I will not list them all, I think JoAnn hit some of the highlights but just the budget process has improved dramatically. All of your Department Heads issued their written responses in advance of their presentations here. It was not like where it has been in the past, oh, we are here to present and here is 40 pages while we are supposed to be read while they were presenting, this did not happen this year. It is a huge improvement. The written responses came quickly and timely and we had a very rich dialogue on those things. It is no secret, you and I had a difficultly time in past budgets and for all of the last few years our main issue has been managing our finances and trying to keep these dramatic changes that we see in the Comprehensive Annual Financial Report (CAFR) huge increases in the single year of the surplus and then huge decreases in a single year, asking to look at the big picture and long run, to do a budget that gets us into a sustainable position. I have been critical that we collectively have not done that during this downturns however this year with new leadership that your Budget Department fresh eyes from Ken, Ann, and Ernie and in particularly Steven – this is the most difficult budget that you have been involved in but we are not the only County that is trying to address these issues. The same things are happening to the other Counties and a big portion of our huge problem this year is \$9.7 million reductions in TAT that the Legislature imposed on us. Most of the money we are chasing is related to that. If we had the same TAT that we had for many years with the same formula, we would be in a lot better position. That is reflected and I am going to talk about this later during budget, it is reflected in how the other Counties are dealing with their tax rates and their fees because we have to present a balanced budget. Yesterday two (2) of your fee proposals were defeated at this Council that I voted for because it puts our budget process \$2,000,000 out of whack. We are in a dilemma with this because those fees happen there in money bills but yet the budget process is happening now. We got our work cut out for us because we just rejected \$2,000,000 of your fees – proposals. We got to find out where that is going to come from. I do not think that is going to be an easy task. Maybe I am wrong, I am going to keep my mind open to how Councilmembers intend to do that but overall I want to take this time to say I very much appreciate. The hires that you have done recently, Kamuela, Keith, and I think Mr. Dahilig even though there are huge challenges at Planning, he inherited a lot of those huge challenges and I appreciated yesterday that he owned up to that. I just wanted to take this time to say that I have seen your growth and your leadership and most important that we start looking as your new Budget Director is doing, getting us into a sustainable County budget where we do not see dramatic shifts either up or down.

Mayor Carvalho: Right.

Mr. Bynum: That is a critical thing for us to do and as painful as it is, I know that you and Steve are looking a couple years down the line instead of just this budget year.

Mayor Carvalho: Right.

Mr. Bynum: That is what has been missing in my opinion, for all of us, so thank you for being here today.

Mayor Carvalho: Thank you.

Chair Furfaro: Mr. Rapozo?

Mr. Rapozo: I would like to start because it is 10:00 and we break at 11:00. There will be opportunities to come and...

Chair Furfaro: I understand your point but since the rules were suspended...

Mr. Rapozo: I appreciate the offer. I appreciate the Mayor being here. Mayor, I hope you will be around because I think there will be opportunities to ask questions or comments throughout the process.

Mayor Carvalho: Definitely.

Mr. Rapozo: I appreciate you being here.

Chair Furfaro: Me as well Mayor, I want to say that I think you know you can deal with me on the merit and the *kōkua* for Kaua'i. I also want to say, this is good. Fact of the matter is that we have to negotiate with each other skillfully and we have to be able to talk about what we agree to disagree on in a very beneficial way for the community.

Mayor Carvalho: In closing, I want to address Councilmember Hooser. I heard what you said, but maybe the best thing for us is we should sit down and talk – come in and talk story. Let me know what you are thinking because everybody does that. So, I just share that with you and then with Council Chair, remember 2005, Leadership Kaua'i, you was the leader, I was in that class. We are working and moving forward. That 2005 really set the pace for a lot of the things that is happening now. I look forward to healthy discussions, *aloha* and thank you.

Chair Furfaro: Members, before we go into the next particular piece, I was hoping that Steve could be here along with Gary Heu. I want to give them a few minutes to tell us about the May 8 submittal because as you heard earlier I want to get the body to agree that we will work off the May 8 submittal. I have a few questions. Is Steve in the audience somewhere?

I have a few questions because I am going to ask the members to agree to work off of the May 8.

GARY K. HEU, Managing Director: Okay.

Chair Furfaro: Since the point was made by JoAnn, which was a good one, that the May 8<sup>th</sup> was submitted yesterday, I want to reflect on some of those particulars and some of the accounting practices as well. A lot of people do not realize that a budget is in fact a forecast and an accounting process really deals with the details of numbers. On the submission you have gotten and I heard you refer to the fact that you did some of the recommendations for the fund balances based on what came from the Auditors but in my opinion you are sharing with us that \$11.6 million is what you anticipate is the surplus being and on the conservative side, I said to you, my number based on the trends and based on the right message that has gone to your Department Head's about no further spending in the rest of this year – I have a \$2,000,000 difference in my forecast. It seems in using the Auditors response you comply with some of their suggestions and I want to make it clear – their suggestions, by pretty much not showing a fund balance from the previous year in the General Fund. I think if the trend continues the way it is there should be a number there that is about two million higher than what you folks are telling us that you are anticipating using for the next year. I am just sharing with you. You do not need to explain to me but I want to say to you if you are going to follow accounting practices then you got to follow accounting practices across the board because despite what they recommended, you did the old system on the other Fund Balances. For example, carryovers in Highway Fund, Liquor Fund, Beautification Fund but yet on the first line under the

General Fund, you got a blank. I do not need an answer, I just need to tell you that I am aware of it, please give it some thought, and go visit with your Department Heads. If you are telling me that you told them "no new spending" and some of them have continued to spend then that number is going to be different but if there is a chance for any surplus, okay, not part of the reserve because you have done... then, something should be showing there. That is my opinion. I do not want to negotiate with my opinion, I just want to find out more facts.

STEVEN A. HUNT, Director of Finance: I am not going to challenge the opinion but the Fund Balance from previous year is truly Fund Balance from the CAFR. It is not an estimate of what the Fund Balance will be for Fiscal Year 2013, it is actually Fund Balance from 2 years ago.

Chair Furfaro: I understand your explanation. I do not agree with it.

Mr. Hunt: Okay.

Chair Furfaro: That is what you need to know from me. We just had this meeting with the Mayor and I told you that we have to agree to disagree. I disagree that the Fund Balance separate from the Reserve is showing no money. In my estimates there is between one point seven (\$1,700,000) to two point two million (\$2,200,000) that will be available to us by year end. End of statement. Number two, is it public knowledge that the Executive in Civil Defense is planning to leave us?

Mr. Heu: Yes. Typically when a Department Head departs, we do not put out a press release.

Chair Furfaro: I am not asking for the press release. I am just saying that the word out on the street is that Mr. Daligidig has indicated that he would be departing his position at the end of June 30<sup>th</sup>.

Mr. Heu: Yes. This past week he sent out an internal E-mail via E-mail to all the Department Heads expressing his appreciation for the time served with them and indicating his desire to reenter retirement for his own personal reasons. So, that was circulated to all Department Heads, I am sure that E-mail Memo has made its way throughout the County.

Chair Furfaro: Obviously and that is why I am asking you. In your May 8<sup>th</sup> submittal may I ask you, have you considered his payroll, taxes, and benefits not being in the May 8<sup>th</sup> or is it still in the May 8<sup>th</sup>?

Mr. Heu: It is still in the May 8<sup>th</sup> submittal primarily because we feel that that position is so important that it really needs to be filled. It is one of our key public health and safety positions. It is our intent to move forward with that.

Chair Furfaro: But for all intents and purposes right now it is still reflected in the May 8<sup>th</sup> submittal?

Mr. Heu: Yes, sir.

Chair Furfaro: Where are we at on the HR Manager starting three quarters of the year? Is the \$39,000 plus payroll taxes and benefits, is it reflected in the May 8<sup>th</sup> as a vacancy for three (3) months or is it fully in there?

Mr. Heu: Based on our March 15<sup>th</sup> submittal from which nothing has changed relative to that position, it is still showing a full year funding.

Chair Furfaro: So that is something that I wanted to ask – that is \$39,000 including benefits. So, it does not reflect the October one start date that was presented to us during the budget narrative?

Mr. Heu: That is correct.

Chair Furfaro: Okay. Going down the line, I evaluated Worker Compensations rates as it relates to... we had a lot of catch up on exposure and now we are pretty current according to our insurance people. Is it not feasible that we could see a potential discount or decrease of about 3% on that line item based on we caught up a lot of the old claims. Did you change anything in the May 8<sup>th</sup> submittal? No. Okay. So, three percent (3%) of our claims premiums there is about \$20,000? Okay. Do you agree Steven that we were settling items that were quite overdue?

Mr. Hunt: Yes, there were some past items that have been caught up with.

Chair Furfaro: The KVB Consumer Promotion Grant, there is a change of \$40,000 from the two (2) pieces. I wanted to let you know that my first opinion when I saw the \$100,000 for a potential Golf Tournament knowing that our own Golf Department, we are chancing some repair and maintenance items knowing that the Hawai'i Tourism Authority will be giving us \$2,700,000 in the remainder of this year less but I am thinking that since that is a tentative promotion, we can maybe save \$100,000. When I looked at the numbers you given to us right now, it looks like there is only about a \$40,000 savings. So, it seems like we were on some kind of an agreement to not do the Golf piece and we shifted money elsewhere? I just want to know, where did you shift it? I do not want a long narrative on it but I wanted to know where you shifted it, so I understand that if I am going to approve that shift or not?

GEORGE K. COSTA, Director of Economic Development: *Aloha.*

Chair Furfaro: George did I make the right observation, the Golf is out?

Mr. Costa: It was actually the Golf – the Big Break TV show. There was an opportunity there and that did not materialize.

Chair Furfaro: But you understand my point?

Mr. Costa: Right.

Chair Furfaro: You lost two point seven million (\$2,700,000) and we got our own Golf Course to worry about to promote golf.

Mr. Costa: Right. So, that was eliminated and in its place a reduction of \$100,000 in its place \$40,000 for a Jurassic Park promotion, we are coming up on the anniversary of Jurassic Park.

Chair Furfaro: You have answered my question because there is \$100,000 there with the golf going away but I was hoping that we would get the whole \$100,000. Thank you for that. In your projection here, are there any new numbers for the Golf Course as far as revenue opportunities with the golfing itself? Do you have a new pricing plan?

Mr. Hunt: No, there no enhancements to the fee structure of the golf rates.

Chair Furfaro: I will be circulating to the members some comparisons I made with one City and County municipal golf course and two moderate golf courses on our island as a competitive profile but you did not put any revenue enhancements? And then when it came to the concessions, you are not really clear what income you are taking for restaurant, balls, Pro-Shop fees and so forth. It is just a ball of a number. Can I get the breakdown of that to know how much you are putting in there? It is not broken down by concessions, not what I have seen, but I need that and rather urgent. I just share that with you because right off the bat we are chancing \$2,100,000 based on what did not pass at the Council in the last week. These are items that I all had very much interest on in my presentation because even \$1.50 increase on the rounds, on all categories, it is not going to break us but the fact of the matter is that it will bring \$60,000 to the table and when it gets in place, I hope that we have a restaurant concession, I hope we have a Pro-Shop and I hope the balls are with the new Pro-Shop operator but it is unclear in your May 8<sup>th</sup> submittal. Those are the things that stand out for me and I will circulate the comparison and now I will go to other Councilmembers dealing with questions that you have on the May 8<sup>th</sup> submittal.

Mr. Rapozo: I only have one question and it is for Economic Development. It is an addition for the Host Community Benefit (HCB) Consulting, what is that? I read it in the Mayor's Message and it states additional funds. We funding a facilitator right now at \$60,000 and I did attend a meeting a month or so ago in Kekaha. There were concerns about the project. The project has not been approved and there are a lot of questions. In fact, we are going to have it on my Committee agenda on the 15<sup>th</sup> for an update because we have not had an update in awhile. It appears that the project has been selected based on the approval from the HCB Fund - \$60,000 additional funding. This thing says that it is coming from the HCB Fund, that project and it is a huge project. It is over \$700,000 which would basically wipe out the funds. There are some concerns in the community but what would this \$60,000 be used for?

Mr. Heu: We are going to have Beth Tokioka speak to that. She has been the liaison out of the Mayor's Office interfacing directly with the community from the very beginning. It has been quite a process and so I will let Beth give you a little more detail of the specific use for the \$60,000.

Mr. Rapozo: I do not need the detail of the project. I just need the detail for the \$60,000 and what is that going to be used for?

BETH TOKIOKA, Office of the Mayor: Just to briefly explain when that project was approved or recommended by the CAC it is huge chunk of money, as you mentioned \$780,000. When it came to the Mayor, we had some concerns that such a large grant needed some additional support. It is basically run by four (4) gentlemen – we call them “the Uncles” volunteers in the community – Pat, Dennis, Garrett, and Buddy. We felt that they really needed to have some administrative support in implementing this properly, so over a serious of a few meetings, we met with them and agreed to provide some additional funding for the coordination to support implementing the project but in return what we would be getting back is a template for a project that could be used in any community. It is an additional investment in that project to make sure that it is handled properly and that the volunteer coordinators have the proper support but in return we would be getting back a work product that will be, as I said, a template for other communities if they would like to attempt a similar type of project.

Mr. Rapozo: Okay. Like I said, we will go over the details next week in the Committee. We will send out the notices to you folks as well as the CAC members. The concerns and I will just let it out right now is procurement, obviously. From what I understand this project may require multi-year funding.

Ms. Tokioka: At this point the CAC is only committed the \$780,000.

Mr. Rapozo: I understand what they are committed to but if the County is committing because it is still County money. If the County is committing a project that is going to require multi-year funding, in other words, if we know that that project is going to require funding next year then obviously this Council will have to approve that.

Ms. Tokioka: I think we are looking at this as a one time contract for Administration for the \$780,000 implementation. So, that is intended to be a one time expense. I understand your concern.

Mr. Rapozo: Okay. We will have more discussion and more detail next week.

Chair Furfaro: Before I give to Mr. Bynum the floor, questions focused on your questions as it relates to May 8<sup>th</sup>.

Mr. Bynum: I wanted to follow-up on what is happening with the Kaua'i Visitors Bureau. Last year their funding from the County was \$200,000 and this year the proposal in the May 8<sup>th</sup> is... what?

Mr. Costa: It is \$110,000.

Mr. Bynum: Okay, so a reduction of \$90,000.

Mr. Costa: Right.

Mr. Bynum: Last year we talked about giving them an amount that they can count on because these projects take time and planning but this golf thing that we are talking about, that is in this year's budget, right - the hundred thousand.

Mr. Costa: No. It was proposed for next year.

Mr. Bynum: I see. I just to be clear on that because I think Kaua'i Visitors Bureau has done an outstanding job with the stimulus money that we gave them right after, with all of the funds that we provided. Our funding have been hit and miss – up and down and I think they much rather deal with a number that they can count on even if it is smaller without these types of fluctuations. It is primarily in all the Counties because of the TAT loss and other Counties are looking at making that up in with property tax increases for hotels and resorts and that is something that we would have to discuss during this meeting but I really wanted to sustain the funding at a predictable level for Kaua'i Visitor's Bureau because it is a really small amount in terms of promoting Kaua'i specifically. The things that they have done with *Kama'āina* and military... so, since this term I have been attending all of their Board Meetings and I just think it was another case where we should have these dramatic changes year to year. I did not understand that the hundred thousand was potentially in this year's budget but that is the nature of that beast, you try to grasp opportunities and Sue and her team are good at finding those. We have seen really great success with small amounts of money that really got a lot of National exposure but they need that flexibility and we need to understand that. Things like, they are going to explore something like the Big Break and in a long run, and it is not going to pan out. I have really come to trust their expertise. It is one of the places where I would like to see us sustain funding because I think it turns into real benefits for us.

Chair Furfaro: Enough said, this is not a marketing discussion. This is to understand and Mr. Bynum wants to understand what was the reduction from the May 8<sup>th</sup> piece and now we got the answer.

Mr. Bynum: I am confused – do we have a D.C. Lobbyist?

- Mr. Heu: Right now?
- Mr. Bynum: Right and there is a dollar funding in your budget, so we are going without a D.C. Lobbyist?
- Mr. Heu: We have funds that are allocated in the current year. We will be entering into a contract by the end of this Fiscal Year that will cover next Fiscal Year.
- Mr. Bynum: Where are those funds going to come from if...
- Mr. Heu: From the current Fiscal Year. We are going to encumber this year's funds. This year's services are being provided from funds that we encumbered at the end of last fiscal year.
- Mr. Bynum: Gary, you know the history how we have gone... and I will not go through all of that but I would encourage you to work with Councilmember Hooser. I think we all learn that we got to have a much more coordinator response to the Legislature next year and start that dialogue.
- Mr. Heu: Are you talking about the State Legislature or the D.C.?
- Mr. Bynum: Both. But we have been up and down with D.C. Lobbyist. And we really collaborated well – the Council and the Administration. Now, I do not even know who the Lobbyist is. I never met him.
- Mr. Heu: I think we are going to have something on an upcoming agenda. I am not sure if folks out of our office have already coordinated with your staff in terms of a date, I believe in June, to have the D.C. Lobbyist here to provide a presentation to the Council.
- Chair Furfaro: Okay, that is the answer.
- Mr. Bynum: There is a substantial to the YWCA from the County overall and I do not know how we are going to... I expected to see some movement in the May 8<sup>th</sup> but there is not.
- Mr. Heu: I do not believe we had anything additional after the March 15<sup>th</sup>.
- Mr. Bynum: Okay. Thank you.
- Ms. Nakamura: There is the increase in \$667,000 overall in the General Fund. I noticed that much of it goes to the salaries, social security contributions, and health funds for each of the Departments. Does that reflect the labor union contracts?
- Mr. Heu: Collective Bargaining.
- Ms. Nakamura: Okay, so that is just across the board.
- Mr. Heu: I am not sure if has been stated before but that would only reflect the increases for the units that have ratified. In other words, still outstanding, we got Fire, Police, and Unit 13 for HGEA.
- Ms. Nakamura: Right. I was under the impression that it was more than \$667,000 when you add up the union increases.

Mr. Hunt: It is and it includes a broad base adjustment for health fund as well. On the salary side I think to salaries that are probably correct.

Ms. Nakamura: I am just think total revenue expenses General Fund which equals to the total revenues that you are showing but the \$667,000 is the total increase? Okay. Also, I noticed on the CIP budget there are many, many changes that have been made and I wanted to find out if we could get a summary of why all these changes at this point.

Chair Furfaro: Steve, I would recommend that you give us a summary in writing at 1:30. The time is not flexible, it is 1:30.

Mr. Hunt: Okay. In a generic sense, the 402 Fund which is the Parks & Recreation Fund by district was used to supplant many of the Bond Fund CIP projects which opened up more bond funds to go to other projects. It is a combination of moving money's out of the Parks Fund – the 402 into the Capital Improvement Project Budget for this current fiscal, open up additional bond funds to be put to other projects.

Ms. Nakamura: Okay and was there any concern from our Bond Attorney about the use of some of that Bond Funds?

Mr. Hunt: There were a couple issues that got moved to operations. In fact, Diane Zachery projects were not eligible because they did not have a capitol improvement project on the back end of those so that matching portion was required was moved out of the Bond Fund and into Operations within OED.

Ms. Nakamura: There were some new projects added as well to the Parks, so I guess that can come later.

Chair Furfaro: That needs to come in writing.

Mr. Hunt: Correct. I think that is in the Message that came over as well.

Ms. Nakamura: Sorry, we got out very late last night.

Mr. Hunt: I was here, I understand.

Ms. Nakamura: Thank you.

Mr. Kagawa: Just a follow up with the Marketing thing, real quick, on the Hawai'i Visitor's Bureau, we have not gotten a call from Sue or anything. I feel that she might fill that gap because we just were told yesterday by the Lobbyist that out of that three hundred million surplus that the State had, a huge chunk was given to the Hawai'i Tourism Authority and maybe Sue can fill some of her need with that big chunk that was given to them in this fiscal, at least, but I would like to keep their funding consistent. I think the bigger issue for me is trying to keep the property taxes for the hotel as minimal as we can as far as the increases that we will be looking at and I think that affects tourism more than anything. It is trying to keep the rates down – the filthy rich will come no matter what but there are a lot of those inter-island travelers and so on and they are starting to say "coming to Kaua'i is almost like going to Vegas because of the rooms and everything else being high." When that happens, they will come for tournaments and so we need to be aware of the affects of raising property taxes on hotel industry, that is our top moneymaker. Steve, you have a zero here for Fund Balance from previous year, so you are assuming no surplus at the end of the year and I have said many times on the floor that historically we always have a large surplus at the end, normally larger than we think and it is typically used throughout the year to ask for more projects. We almost always rely on

having a surplus. This year, we are assuming that there is nothing and I feel like there is going to be something, in the neighborhood of ten million, do you have an estimate?

Mr. Hunt: Our current estimate is about ten point four million for Fiscal 2013 what the surplus will be.

Mr. Kagawa: Okay, so based on that assumption I have solved my gap in my cuts that I made at least, that were passed yesterday but still I think we need to have another cushion for the next Fiscal. Therefore, I probably will be supporting the real property tax rates. So, about ten point four million?

Mr. Hunt: The current estimate is about ten point four million.

Mr. Kagawa: Thank you. I feel a lot more comfortable.

Chair Furfaro: I want to make sure in mine – it is more like thirteen point three. So, there is about two million missing on that line.

Mr. Kagawa: I feel even more comfortable.

Mr. Hooser: I feel even more comfortable now that I know how comfortable Mr. Kagawa feels, so, thank you. First question is a small item, I notice a \$27,000 security for the Mayor's Office, what is that about?

Mr. Heu: A few years back there was a security assessment done by the Police Department for the Mayor's Office and it showed that the Mayor's Office given the environment today was pretty exposed and could have used some security enhancements. What that reflects is some upgrades to the locking mechanisms to the various doors, security cameras so that the multiple personnel within the Office could monitor what is happening within that lobby area in front of the Mayor's Office as well as external to the Mayor's Office. I probably should not get into all the details but, in general, that is what it is for.

Mr. Hooser: I just noticed that it was on the new submittal and I thought I would ask. The other question is of more substance, the 402 Fund that you talked about a lot, it is the Fund that comes from development fees that are dedicated to certain districts. It looks like you allocated as much transferred, supplanted, or whatever projects into that fee as possible, the current balance after you do all of that movement, the uncommitted balance of the total funds is how much?

Mr. Hunt: My understanding it has been sent over formally, I believe a little over two million left.

Mr. Hooser: About two million. So, it is two million dollars and park improvement funds targeted for certain districts that are not committee to anything.

Mr. Hunt: Correct.

Mr. Hooser: And...

Mr. Hunt: Well, I would not say not committed to anything. It is committed to long term deferred maintenance, as you are building a reserve to replace a roof that is a long term roof, you put aside some funding for that. Not currently committed to the budget though is correct.

Mr. Hooser: You can use it for maintenance then? And maintenance means “operations?” For someone that paints a building takes a guy to paint it, not just the paint.

Chair Furfaro: I passed out a definition of the General Accounting Practices of repair and maintenance, I hope you are following it – the Administration.

Mr. Hooser: The point is, can some of these funds be used to offset General Fund use in the Parks Department to do their maintenance of these parks?

Mr. Hunt: I do not believe that it can be used to supplant General Fund.

Mr. Hooser: Even if the legitimate use is maintenance.

Mr. Hunt: Maintenance would be fine but are you defining salaries are maintenance?

Mr. Hooser: I think, generally, if you are going to maintain a park that salary is part of the maintenance, yes.

Mr. Heu: Councilmember, I know that when the issue first came up there were a lot of questions similar to the ones that you are asking, so, I think rather than us speculate, why don't you let us get a clear cut definition based on any ordinance that establish the fund and then we will communicate that back to you as soon as we able. Hopefully, sometime this afternoon.

Mr. Hooser: Okay, good. I am looking at that ordinance also, because we are all looking for money and to have \$2,000,000 sitting in a fund and that \$2,000,000 dedicated to maintenance, it just seems like there is a nexus and it is a reasonable question to ask if we could use some of those funds to help alleviate some of our budget needs from the General Fund.

Chair Furfaro: Members, we got 12 minutes before we have to leave. Before I recognize Mr. Bynum a second time, JoAnn did you have questions?

Ms. Yukimura: I am interested in your other services under OED, what is the YMCA?

Mr. Heu: Is that \$70,000?

Chair Furfaro: That is in the narrative from the Mayor.

Ms. Yukimura: I am sorry, I have not read the narrative.

Mr. Costa: That \$70,000 is to assist the YMCA with their photovoltaic system that they are installing.

Ms. Yukimura: How is it to determine to... I mean I think they are a great organization but how are you making judgments among all the non-profits that could use that money? There are a lot of non-profits that could use that money, so how do you...

Mr. Heu: That is true and I think we deal with this year over year. I think there are many times when this Council or members on this Council get approached by a non-profit for a specific need and sometimes those needs get met through this budget process.

Ms. Yukimura: But we exercise great restraint on that last year which resulted in the \$150,000 for preschool and after school but through an RFP process or a competitive process that would have objective criteria and was not just the Council persons favorite non-profit but a process that would be advertised and people would be able to apply for rather than... because we knew that it was not a good process to give out money. Now, there is certain things like services for Domestic Violence that are about a select service because that is pretty much the only entity that is giving it and it is safety and welfare, so there are some of those. What are your criteria for selecting?

Mr. Heu: I think if you look historically, I think, the treatment of some of these requests, it is not unlike the State Legislature, how is that determined? I probably am not a good person to speak to that... if the moneys are appropriated then they would need to fill out an application and that gets monitored.

Ms. Yukimura: Wait a minute. I thought the applications come before the appropriations or is there a lump sum... and let us be careful not to follow the State.

Chair Furfaro: The question has been answered, we can get into discussion about you process later. The \$70,000 is earmarked for a repair and maintenance item or a capitol improvement in the Y, that is the answer to the question.

Mr. Heu: That is the answer.

Mr. Costa: That is correct.

Ms. Yukimura: I am not clear on how this North Shore Transportation Feasibility Study is going to be done.

Mr. Costa: We are earmarking the money and then we are going out and doing a process to select a consultant to help us with that North Shore Transportation Plan which also includes the Kēē Beach Shuttle that is part of the Mayor's *Holoholo* 2020 Plan.

Ms. Yukimura: Well, there is a need in *Po'ipū* for similar kind of study. That proposal coming back from our consultant who helped us to the workshop who is very well informed about how to develop these shuttle systems is for \$250,000 and that is why I am asking, how are you going to use the money? I do not want you to use the money and then come up with results that are not really useful. I have seen that too often in this County. What do you expect as a work product from this?

Mr. Costa: We are part of that *Po'ipū* Road Planning so we are hoping that what we learned out of that process which takes place this weekend, will help us to determine what we need for the North Shore Transportation Plan.

Ms. Yukimura: That road process is not going to address the development of a shuttle system. It might say that it is needed but that is not going to, if you want to know how you are going out for an RFP – is it going to be a private system that ties into the bus system or is it going to be a bus system that is part of the... and how do you determine need? It is going to take a survey that is asking “where are people coming from, where are they going, how often do they stop?” So, who is going to do that? Is \$42,000 going to accomplish what you want?

Chair Furfaro: Okay... the items on here for us to discuss is the May 8<sup>th</sup>, if you want an item to talk about how, what, when – it goes into Committee. You answered the question. We have 6 minutes left before we break. When we come back at

1:30 we are going to be in decision making. The question has been answered, and you do not have all of the details right now but you have answered what the money is for.

Mr. Costa: Right.

Chair Furfaro: That was the intent of having you guys come back up.

Ms. Yukimura: Thank you.

Mr. Bynum: As I have been the last 5 years I am a little uncomfortable with this discussion that happened earlier about what are surplus will be next year, we are really anticipating what the lapse will be, right? But that is not going to be the General Fund Balance at the end of the fiscal year because we put this surplus into a separate fund which I believe is not necessary but that is a different discussion. I just want to be clear that we are anticipating the lapse. In our past practice has been to use some of that but I agree with the premise that you guys have put forward that we are going to end that practice with this year, right? Have I got this right?

Mr. Hunt: We are looking at Fund Balances that are actually verifiable fund balances. We are not in this process of always using what we estimate to be from the year before. The challenges as we presented in the past too, is sometimes when those estimates are incorrect, like was done on the Golf Fund and like was done on the Solid Waste Fund, we had to come before you with money bills. As our surplus in totality has declined, we are now down to an actual bank Fund Balance in that area of about 11.6 roughly. There is no well to go for money bills. The more we put in as an estimate into a budget that is forthcoming, if those numbers are incorrect or do not come to fruition there is no surplus to go back to tap, that is the concern and what we are breaching. That is where we are getting away from. Pass practice, we have a very large surplus and essentially we had cover for whatever we estimated that lapse to be and if that number that we estimated twelve million and it was zero, we had twelve million in Fund Balance to cover. Now, we are at a point where we do not have coverage. We have been asked to get our budget in line with actual spending which means going forward those surpluses will be minimized, if at all, there would be much and much smaller surpluses. What we are trying to do is to come up with a formula that will give us a sustainable program where revenues and expenditures are in balance.

Mr. Bynum: Two points – that is a fundamental change of the way we have done things for years and I am in agreement with it as long as we all understand what the implications of that are. It is a more appropriate way to budget.

Mr. Hunt: Right.

Mr. Bynum: And as the Chair said, those are suggestions from our Auditor and not requirements, right?

Mr. Hunt: Correct. It is best practices.

Mr. Bynum: But I just want to be clear that that is different than the General Fund Balance in the CAFR. A portion of that is a surplus that you are referring to but there is additional fund.

Mr. Hunt: We are talking about the unassigned Fund Balance which is available to be used, everything else is just committed assigned.

Mr. Bynum: I understand that. I do not know that everyone listening to this broadcast might not understand that and that is why I said... and it goes back to what I have been saying for a long time, we should based our decisions on our

actual practice and not budget plans that we may or may not have followed. In next year's CAFR, we expect there to be more than ten or thirteen million, correct?

Mr. Hunt: Absolutely.

Chair Furfaro: Okay. And I want to make sure that the \$13,300,000 I am giving you – that is a conservative number because I do not want to end up being naked there. Right now, how much is in our Reserve?

Mr. Hunt: Including the Disaster Relief?

Chair Furfaro: Yes.

Mr. Hunt: Okay, there you go. I was only talking about...

Chair Furfaro: Yes and that is where everybody gets confused.

Mr. Hunt: Correct.

Chair Furfaro: We do have a reserve.

Mr. Hunt: Correct.

Chair Furfaro: It is a small amount then what is desired and we have to build on it.

Mr. Hunt: It is slightly over 2.6 million in that additional reserve that is restricted.

Chair Furfaro: Thank you.

Ms. Yukimura: In the shift to what you are calling best practice, are we not then setting up limitations against this overspending that we have done in the past where we have spent more than we have taken in?

Mr. Hunt: Yes, and especially as those Fund Balances are deleting than you are now forced to budget to what you are actually spending.

Ms. Yukimura: This kind of restrains us from doing that, right? It restrains us from just taking mid-year from this surplus and spending as if...

Mr. Hunt: Hypothetically speaking if we were to take the \$11,000,000 that we are showing in the May 8<sup>th</sup> budget and you were to add \$10,000,000 in anticipated surplus even though it goes against best practices, it does not say you cannot, it said you should not... and you were to put that \$21,000,000 into this budget to reduce potential tax and revenues. At the end of FY 2014 when we are budgeting closer to expenditures and say that we are now going to anticipate \$3,000,000 in lapse, going into the next Fiscal period in 2015, we now have \$11,000,000 carved out that we had in this budget plus we are down the \$10,000,000 and we only have \$3,000,000 to work with. Now, we are chasing in totality everything that we have deferred in what the revenue enhancements were this year in one year.

Ms. Yukimura: That is what we have been doing in the past which has brought us to this situation?

Mr. Hunt: And it is not sustainable.

Ms. Yukimura: Right and so the shift that you are making right now to best practices hopefully will as Councilmember Bynum has been saying, put us on a more sustainable budgeting form. Okay, thank you.

Chair Furfaro: I do not know what is so difficult about that. We are at right now, you spent the surpluses accordingly whether there were from Charter amendments and so on but the reality is that you can only spend what is in your check book going forward. But the first line in your check book is a balance line and you add your anticipated revenues and so forth and I am saying that line conservatively could take \$2,000,000. That is what I want to make sure that you understand. Thank you very much for making yourselves available. I assume the team is going to be available in the afternoon in case we have questions but we need to get to decisions to get something to you by 12:30 on May 14<sup>th</sup>. We all have assignments for the rest of the day. I will start Steve by asking everybody to acknowledge that we are going to work off of the May 8 submittal and I have to do that by a vote.

There being no objections, the Council recessed at 10:56 a.m.

The Council reconvened at 1:36 p.m., and proceeded as follows:

Chair Furfaro: I want to make certain on some ground rules. I mentioned that I will be looking for a motion to accept and work off of the May 8<sup>th</sup> submittal made by the Mayor, so that we are dealing with 1 document.

Mr. Bynum moved to work off of the May 8, 2013 Mayor's Budget Submittal, seconded by Mr. Kagawa.

Chair Furfaro: Discussion? Yes, JoAnn.

Ms. Yukimura: I think it is a good idea and I guess it is a working tool that we do not formally amend the ordinance right now. We are just doing it as a working tool and preparing the formal amendments.

Chair Furfaro: Yes. At the end, we will take 5 votes.

Mr. Kagawa: Last year of observing the few times that I watched, I think that was the big concern of the Council was that the first budget came in and then the second budget was really different from the first one. This year, it is quite similar. I have no problems with it but it just goes to show you that the opportunity to really turn in something different is still there and that is why you guys just asked us for 1 budget but anyway that is where we are at and maybe we can still look at changing it all through just 1 submittal.

Mr. Bynum: I want to concur with Mr. Kagawa that last year I was pretty unhappy with the budget submittal and I said that I thought it was being used strategically. I do not feel at all that way this year and the May submittal incorporates the union issues that we have to. I am not going to debate whether we should just have 1 – the voters came close to accepting that but did not and so that is where we are at. I do appreciate the submittal is logically the one that we should work off of.

Chair Furfaro: Thank you. Anymore decisions before I call for a roll call? I want to go through Division by Division and not go all over the board. I intend to go through Department by Department and when we close that one, we are moving on. Roll call vote.

The motion to adopt the May 8, 2013 Mayor's Budget Submittal was then put, and carried by the following vote:

ADOPTION MAY 8, 2013 BUDGET SUBMITTAL:	Bynum, Hooser, Kagawa, Nakamura, Rapozo, Yukimura, Furfaro	TOTAL - 7,
AGAINST ADOPTION:	None	TOTAL - 0,
EXCUSED & NOT VOTING:	None	TOTAL - 0,
RECUSED & NOT VOTING:	None	TOTAL - 0.

Chair Furfaro: Next thing that I would like to do is I would like to complement Keith and the Finance Department for responding to the CIP comparisons that we asked for before we broke for lunch. Thank you very much for making this commitment to us and we will work with this comparison as well. This is about identifying expenses and we have the screen up on the board.

Clerk: Chair if you would like to refer to page 5 of the Comparison that the Staff prepared.

Chair Furfaro: Yes.

Clerk: General Fund Expenditures and it starts with the Mayor's Office – Administration.

Chair Furfaro: Yes. Okay we are starting with the Mayor's Office. I will start with 1 item that I asked about earlier and I just wanted to get confirmation that there is 1 adjustment here, am I reading that right for \$2,254?

Clerk: Yes.

Chair Furfaro: And I would have no other changes in that area right now. Members?

Mr. Kagawa: Surprise, surprise – I have an addition to make.

Chair Furfaro: We are only dealing with deletions.

Mr. Kagawa: Only deletions right now?

Chair Furfaro: Correct.

Mr. Kagawa: Okay. I will wait.

Chair Furfaro: Deletions in the Mayor's Office.

Mr. Rapozo: Chair? We all have these sheets right? We are going to follow these sheets? I am assuming that the process will be – we will propose the change.

Chair Furfaro: You get your 5 votes.

Mr. Rapozo: 4 to remove, correct?

Chair Furfaro: Yes.

Mr. Rapozo: I just want to preface my proposals that I looked at this budget with the intention to cut as much as I felt that was not essential. That we did not have to do this year, and that it could wait next year. I do not expect a majority of these things to get the four votes, but as I stated yesterday, I had requested that the Administration take a look at possibly reducing their individual budgets by 5% and the response was that they were operating at bare bones and no more cuts. Some of these seem

very small amounts, but collectively, when you add them up, it contributes to quite a bit of expenditures. So I will just go through my proposals for the Mayor's Office, and like I said, we will let the chips fall. I do not expect a lot of dialogue. The basic premise for these removals or reductions are simply that they are non-essential for this year and that, in fact, should the economy get better, should revenues increase, that they could be restored. So I just wanted to preface my comments. So for the first one, starting with the Mayor's Office, the updating of the Drug Response Plan, \$25,000, I just believe that at this point, that can wait. There is no rush for that plan. The existing plan is currently being used. So that was one. So is it going to require a motion to remove?

Chair Furfaro: I am going to ask you to make your presentation, and then I am going to see if there are four votes.

Mr. Rapozo: I will make a motion that the \$25,000 for the updating of the Drug Response Plan be removed.

Mr. Hooser: Second.

Mr. Rapozo moved to remove funding for "Special Projects-Update Drug Response Plan (Facilitator/Printing)" in the amount of twenty five thousand dollars (\$25,000), seconded by Mr. Hooser.

Chair Furfaro: I have a second from Mr. Hooser. You have had your discussion and let me see, do we have four votes to remove that? May I see all those that want to indicate aye? Okay.

Ms. Yukimura: I have some discussion.

Chair Furfaro: I am going to tell you folks again this, okay? I gave you two hours with all of the staff to make your list. It was not shared with each other, but we have only today, half-day, tomorrow, and Monday, and Tuesday, half-day and if you are going to go into discussion on each item, I will allow it, but if we do not get to the end, we will be at the end and the Mayor's budget will override this. Just that reminder to you folks. Let us not carry on a chapter of discussion when the fact that we have had these people in front of us. JoAnn, you have a question?

Ms. Yukimura: I want to say that I have a proposal to actually strengthen the Life's choices work and actually change it into a focus of children and families.

Chair Furfaro: We are not at that decision.

Ms. Yukimura: I know, but it affects this piece that is being proposed to be deleted. You know, in part of the discussion and in considering this, we need to have that complete picture.

Chair Furfaro: The time to do that JoAnn was when the Mayor's Office was in front of us, if you had that idea. That is where it should have been discussed.

Ms. Yukimura: I will be bringing it up as an addition to the Office and I want to signal that is the reason I will be voting against the deletion, because it will be part of the resources of what I hope will be a new focus without ignoring drugs. And I hope that it will be both an enhancement of the anti-drug efforts, as well as the focus on children and families.

Chair Furfaro: I too, will not be voting to delete it. Is there anyone else that wants to speak about Mel's motion at this point? Nadine?

Ms. Nakamura: Yes. I want to share some concerns about doing this Drug Response Plan, because you need to assess where you are in the implementation. There have been two plans done, a lot of resources spent on these plans, and it is time for implementation of the plans rather than doing more planning. Sorry, B.C. So I think there is a need to assess the current plan and see where we are at in implementing and what is preventing us from achieving some of the goals in the plan? But I agree, I do not think there is a need to go through a whole update process and even if you did it and did it right, this is inadequate. So I think just internally there needs to be an assessment of the existing plan.

Chair Furfaro: Okay any further dialogue? Roll call on the removal of the \$25,000 from the Mayor's budget as it relates to the Drug Enhancement Program.

The motion to remove funding for "Special Projects-Update Drug Response Plan (Facilitator/Printing)" in the amount of twenty five thousand dollars (\$25,000) was then put and carried by the following vote:

FOR REMOVAL: Hooser, Kagawa, Nakamura, Rapozo	TOTAL – 4,
AGAINST REMOVAL: Bynum, Yukimura, Furfaro	TOTAL – 3,
EXCUSED & NOT VOTING: None	TOTAL – 0,
SILENT: None	TOTAL – 0.

Chair Furfaro: So the \$25,000 is removed. Okay. We will put that up on the board. We are still in the Mayor's Office. Are there any more recommendations for removal of an item that shows up in the May 8<sup>th</sup> budget?

Mr. Rapozo: I do, Mr. Chair.

Chair Furfaro: Go ahead, you have the floor.

Mr. Rapozo: Does anyone else have the Mayor's Office.

Chair Furfaro: I recognized you. They had an opportunity and said nothing, but perhaps you encouraged them to say something. You have the floor.

Mr. Rapozo: Mr. Chair, the next item is under "Special Projects" \$1,000 and again, this may sound very, very minimal, but collectively the amount is \$1,000 miscellaneous under "Special Projects." and I have no idea what it is. It came with no narrative. The Mayor does have a contingency fund and my motion is to remove the \$1,000 from the Special Projects. That would be my motion.

Chair Furfaro: Okay, do we have a second?

Mr. Kagawa: Second.

Mr. Rapozo moved to remove funding for "Special Projects-Misc." under the Mayor's Office in the amount of one thousand dollars (\$1,000), seconded by Mr. Kagawa.

Chair Furfaro: We have a second on that. Does anybody want the floor about the removal of \$1,000 in the anti-drug group for miscellaneous items? No discussion. Roll call, vote, please.

The motion to remove funding for "Special Projects-Misc." under the Mayor's Office in the amount of one thousand dollars (\$1,000), was then put and carried by the following vote:

FOR REMOVAL: Hooser, Kagawa, Nakamura, Rapozo	TOTAL – 4,
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AGAINST REMOVAL: Bynum, Yukimura, Furfaro  
 EXCUSED & NOT VOTING: None  
 SILENT: None

TOTAL – 3,  
 TOTAL – 0,  
 TOTAL – 0.

Chair Furfaro: So note \$1,000. I feel like an auctioneer. Any more items in the Mayor's Office? Mr. Hooser?

Mr. Hooser: I have a proposal that I would like to do at the end, which actually impacts every Department. But I am not ready right this second.

Chair Furfaro: You have a proposal that might impact overall?

Mr. Hooser: Every Department.

Chair Furfaro: Is it an add or delete?

Mr. Hooser: A delete.

Chair Furfaro: So why do you not talk about it now?

Mr. Hooser: I am still working on it, but it will be done shortly.

Chair Furfaro: Okay. The time and calendar is with us, and if it deals with all Departments, we can look at it no matter where we are at.

Mr. Hooser: I just want to give you a head's up.

Chair Furfaro: I got the head's up.

Mr. Rapozo: Mr. Chair, Mayor's Office, again, in "Other Services." this would be the removal of funding for the "Other." I do not know what "Other-Transfer VIP", but it is \$5,000 and I would make the motion that the \$5,000 be removed.

Chair Furfaro: Do I have a second?

Mr. Kagawa: Second.

Mr. Rapozo moved to remove funding in the Mayor's Office for "Other Services-Transfer VIP" in the amount of five thousand dollars (\$5,000), seconded by Mr. Kagawa.

Chair Furfaro: We have a motion and second. Mr. Hooser...I am sorry, Mr. Heu...he had his hand up by his glasses. Gary, I am going to suspend the rules.

There being no objections, the rules were suspended.

GARY K. HEU, Managing Director: Thank you Chair.

Chair Furfaro: I do not want to go through a lot of suspending of the rules and talking story.

Mr. Heu: I want to make sure that Councilmembers are aware of the actions that they are taking. These moneys are used when the Mayor has dignitaries, sometimes Sister-City type things and they are unaccounted for expenses for VIPS. And so you take the \$5,000 out of there, then I mean, again, a will lot of this is protocol issues that the Mayor's Office has to deal with. You could choose to do that, but I

would request that the Council consider leaving that funding leaving that and we have brought down the number through the years.

Chair Furfaro: We have both items that have been removed, but your commentary to indicate that members should be aware of the fact that we might portray ourselves as the orphans of the storm because we have nothing to give and recognized and well-taken, but the three of us that wanted to keep it in did not prevail. The four that wanted to take it out, prevailed. That is what the process is. Mr. Rapozo, you have the floor again.

Mr. Rapozo: Well, really, I appreciate the explanation. I take no offense. Like I said the Mayor has a line item for Sister Cities and the Mayor has a line item for contingencies. We have the difficult task of trying to make this budget work. And you know, I am not offended if it does not pass. I am not, really. I do not take anything personal and I do not expect the Administration to take anything personal, but I believe we had a second and if no more discussion I will call for the question on the \$5,000.

There being no objections, the meeting was called back to order and proceeded as follows:

The motion to remove funding in the Mayor's Office for "Other Services-Transfer VIP" in the amount of five thousand dollars (\$5,000), was then put and carried by the following vote:

FOR REMOVAL: Hooser, Kagawa, Rapozo	TOTAL – 3,
AGAINST REMOVAL: Bynum, Nakamura, Yukimura, Furfaro	TOTAL – 4,
EXCUSED & NOT VOTING: None	TOTAL – 0,
SILENT: None	TOTAL – 0.

Chair Furfaro: 4-3. 3-4, it stays in. Okay, still in the Mayor's Department, any more suggestions for the Mayor's Office?

Mr. Rapozo: There is another \$5,000 for funding for the Leadership Kaua'i and I am assuming this is a scholarship for County employees. I believe that Leadership Kaua'i is a great program. I was in their inaugural class, Mr. Chair when you were the Executive Director. I paid my own way and I believe if anyone is interested, I just do not believe that the taxpayers should be funding that training in these economic times. So my motion is to remove the \$5,000 from the Leadership Kaua'i.

Mr. Rapozo moved to remove the funding for the Mayor's Office for Leadership Kaua'i in the amount of five thousand dollars (\$5,000). Motion failed for a lack of a second.

Chair Furfaro: Is there a second? No second. Mayor's Office, any new item? Go ahead, Mr. Hooser.

Mr. Hooser: I am ready. Thank you, Chair. This cuts across all funds. This incorporates the vacancy factor of 2%. At any point in time there is at least a 2% vacancy and the staff has helped me calculate the amount would reduce the overall from every Department a total of \$1,781,690 and would not impact operations at all, because it is just a constant cushion that is already there. A 2% vacancy reduction across all funds for employees.

Mr. Rapozo: I have a question for Gary.

Mr. Hooser: I will make a motion to do that.

Chair Furfaro: Is there something being handed out, so we can see more definitely what is being talked about? I am sorry I am at a disadvantage with my back to the board.

Mr. Hooser: So it is a \$1,785,690.

Chair Furfaro: Is there another copy?

Mr. Hooser: That represents 2% reduction in salaries across the County. And that 2% is based on the average vacancy factor, which right now it is already occurring 2% and right now either sits in the fund or gets used for other purposes. So this would...the intent any way and I believe it to be true, would not have any tangible impact on operations of any Department whatsoever, but would save \$1,781,690.

Chair Furfaro: Before any questions, I need a second.

Mr. Rapozo: Second.

Mr. Hooser moved to reduce the Administration's budget by a 2% vacancy factor across all funds, seconded by Mr. Rapozo.

Chair Furfaro: Thank you, Mr. Rapozo you are recognized first.  
And Kagawa and Nakamura.

Mr. Rapozo: That includes the benefits as well?

Mr. Hooser: I am getting a head nod yes.

Chair Furfaro: Mr. Kagawa you have the floor.

Mr. Kagawa: Thank you, I want to thank Mr. Hooser and I had a vacancy report in front of me and work on something as well. We were tasked with something very unique this year, to bring up proposals for revenues when you have cuts and we had some large ones last night and I commend Councilmember Hooser. He is going based on a trend, a trend that has been going on for many years. It is a very good educated guess. Those kind of guesses that need to be used in financial budgeting, instead of just assuming that this trend will be broken. I think this is a good method. We are getting back to closer to what actually is there. So I want to thank you, Mr. Hooser and I will be supporting this.

Chair Furfaro: Vice Chair?

Ms. Nakamura: I wanted to find out how did you arrive at this number?

Mr. Hooser: I asked staff to do an analysis of a certain point in time of all the funded vacancies that were vacant in the County at fully particular point in time. One particular day. And it is clear that at any point in time there are empty spots in an Office. Some are empty for a day and some are empty for a month, but there is an average vacancy factor.

Ms. Nakamura: Because the budget is by Department, would we need to break it down? So that the amount of reduction is based on the number of vacancies in that Department? Because in the end, the Department has to balance their budget.

Mr. Hooser: Right.

Mr. Nakamura: And this is an across the board number, which is different from how our budget is presented.

Mr. Hooser: Right.

Ms. Nakamura: So I am just wondering about the mechanics of how we do.

Mr. Hooser: It is intended to be across the board, 2% and then the Directors would manage that, if they could.

Ms. Nakamura: What if there is no vacancy in that Department this year?

Mr. Hooser: Then they would have other funds to shift from other places into that. There will be vacancies.

Ms. Nakamura: I do not know, some of the smaller Departments.

Mr. Hooser: Perhaps not.

Ms. Nakamura: I would not want to penalize those who are...let us just take the Office of Economic Development or Office of Elderly Affairs, very small Offices. Every person position is filled.

Mr. Hooser: And if my understanding they could shift funds with the support of the Administration from other parts of the budget to fill those gaps and back and forth. It takes Administrative support from the Mayor, I believe, to do that, but they have the legal authority to do that.

Ms. Nakamura: Can we get some clarification from the Administration on that point. I like the concept, but I want to understand how it works.

Chair Furfaro: Before I recognize anybody else, first of all I will not be supporting it and I think both that method is illegal. And I will just share that with you, and that is why I am not voting for it. I am going to go to other Councilmembers. You have your time to respond to your proposal and other questions. If other members have questions for you, that is fine. JoAnn and then Tim.

Ms. Yukimura: I do have the same concern as Council Vice Chair, in terms of the smaller Departments. And I am thinking of housing in particular, because they are very tightly budgeted. And I am concerned that it would unduly, it also penalizes those Departments that are very tightly budgeted. And I do not know if the Administration has some input on that, but I think we should know what the impacts are before we pass that.

Chair Furfaro: Okay, Mr. Bynum and then I will go back to you  
Mr. Hooser.

Mr. Bynum: I will save the discussion about whether it is legal or not, but what I will say is that we asked the Administration over the last couple of years to look at actuals, budget, related to actuals. They did that there year and we say we wanted to tighten up the variance and we challenged them to do that and they did. And so if they had not done that, if they were not trying to collaborate more with us, and they left, you know, big padded budget, then this might be a way to go, but it feels like they have been responding to our requests and now we are going to just kind of unilaterally take 2%. So I will not be supporting that. And it is like you guys did it, right? We did budget versus actual and that was part of what I was saying last night of how much the budget process

has improved with the different leadership at the Council and the Administration being responsive to what we asked them to do. So this kind of almost penalizing them for doing what we asked them to do.

Chair Furfaro: I am going to come back to Mr. Hooser and then I will come back to you. I want to qualify my comment. I think the approach on staffing levels, as it deals with equity amongst Departments, can you either dollar-fund them or you can take the whole position out. But you cannot project an estimated vacancy rate. Go ahead, Mr. Hooser.

Mr. Hooser: Chair, I appreciate your comment, and I have had that discussion, similar discussion whether or not and the same can be accomplished...the same net effect can be accomplished by having the same savings applied to discretionary spending and not touch the salaries and have that different, if you would, supplemented from the savings of the vacancy anyway. So we have had lots of discussion around this table and we are always told reasons why we cannot do something and I want to believe that there are ways to accomplish it. And I think we can limit discretionary funding by the same amount. That would be travel and everything else and some of the things that we have already limited and then if the Department chooses to replace that same amount of money they could do it from vacancy savings on their own if they have it. We were tasked and I would argue also criticized for voting no on some revenue measure and we are tasked with the responsibility of proposing savings if you would or other revenue and that is what I am doing now. I respect everybody's vote and if people choose not to support this route, I respect that. This was something that I was asked to do in response to my no-votes and it is a legitimate way to do it and I understand if the votes may or may not be there.

Chair Furfaro: I am glad you understand my point. I think your approach could be done by taking a position out or dollar funding it or making them come back, but I am weary about this approach and I so stated. I want to make sure that you also understand that we will come back with a cycle for revenue items. We are just talking about expense items right now. Mr. Rapozo you have the floor.

Mr. Rapozo: Thank you, Mr. Chair and I agree with Mr. Hooser and I also agree that we could go down the list and dollar fund positions and what I hear perfect Mr. Hooser it is not going to be affecting the salary lines. But what will be reflected in that Department's budget is a 2% reduction of the vacant salaries. That is how I envision it. So whether or not you are not taking it out of the position. If it is \$100,000 number and 2%, and I do not know what you call it "vacancy adjustment," and you remove it for that Department. I do not think it will affect operations at all, because like Mr. Hooser, I have been looking at this and I realize that at any given time, the vacancies are a lot. So 2% is not going to affect operations the County. Now if this does not pass, then I will work at looking at the positions in the individual Departments that have been vacant for a length of time and we will just dollar-fund those. You will get the same net effect. You will. They will transfer money from that line to hire that position. I still think we can get to that number and appreciate your work, because I agree, when we voted against those measures last night, we had to come back...and that is what I am trying to do as well and if we can get some staff assistance to go through the most recent personnel report and we will do it that way. Thank you.

Chair Furfaro: Mr. Rapozo, you had no problem with my definition of another way to do it?

Mr. Rapozo: Correct.

Chair Furfaro: You have no problem?

Mr. Rapozo: No.

Chair Furfaro: Okay. Mr. Kagawa.

Mr. Kagawa: Yes, this method can be done. If you can dollar-fund a position, you can reduce positions to equate this cut. We are asked to raise taxes or cut the budget. Mr. Hooser is trying to cut the budget. Mr. Hooser and I were not here last year to add 125 positions to this and now we are finding out our expenditures are exceeding revenues for the past two (2) years and now we are in this spot. We are elected here to try to fix this problem. Either raise taxes or cut expenditures. I commend you and I will follow you in this budget-cutting process. Because I want to cut our budget, as much as possible, control our spending and it will make our future of Kaua'i much brighter. Thank you.

Chair Furfaro: JoAnn, you had a comment before I call for the vote?

Ms. Yukimura: Yes. If this were applied to the larger Departments, I could feel maybe comfortable about it, but I am not happy with how it will impact smaller Departments. And I am looking at the worksheets that we had our staff do. For example, in the Housing Agency, the Fiscal Year Budget 2013 and this year's budget, there is a minus 13% you know this year's budget is minus 13% from last year's budget and from actuals this year's budget from 2012 actuals, which is the only thing we had was a minus two (2) already. So I mean, I think it would hurt the smaller Departments. And because it includes it I cannot support it, but I would look at other ways to try to leverage these vacancies.

Chair Furfaro: Well, I gave my explanation, but I am going to suspend the rules and ask Gary and Al to come up.

There being no objections, the rules were suspended.

Mr. Heu: Thank you Chair Furfaro.

Chair Furfaro: Before you go further, I want to make sure you are clear on what I am saying. Another option for us is to dollar-fund a position or remove the position all together.

Mr. Heu: Absolutely.

Chair Furfaro: You understood my comment. Fine and I want to get the interpretation of that as it relates to legal staffing guides versus estimates.

Mr. Heu: Thank you, Chair. First of all, I wanted to say that actually we did administratively look at this issue in terms of applying a vacancy factor, and the different ways that that could be done. We were stumbling across the same issues that think you folks are struggling with in terms of how to administer that? Ultimately, we decided to not move in that direction, but instead, look at other ways of reducing expenses. What I would say that if, in fact, this Body is considering a vote to implement a vacancy factor, that you would just consult with our County Attorney's Office, because we understand that...and I am not sure if the circumstances are exactly the same. But I believe the Big Island of Hawai'i had a similar situation, and there were opinions rendered that the action that they took was outside of their authority. So I would just ask that the body double check with Legal Counsel to assure that the action that is being contemplated is one that everybody can step out and feel comfortable in terms of doing the right thing in terms of legal perspective. The other thing, I wanted to provide a point of clarification, because I think over the past few weeks we have heard about 140 positions being added to County government over the course of four years. Those, the number 140 may have some relevance to payroll issues. The bottom line if you go back to the budget ordinances the past four years and do an accounting of actual new positions that were

added into the County, there were 43 positions. And the majority of those positions were either in the Prosecutor's Office or in the Council Services. So if you really want to talk about new positions added into the County, you really need to go back to the budget ordinances and see which ones were marked as "new," and it is very easy to pick those up. Relative to the number 140, I think that was over the course of five years, and what that was actually fully-funded positions in the budget ordinance. They were not new positions necessarily. But they were positions that had been maybe previously...they were vacant for whatever reason, and that they happened to be filled at time that that snapshot was taken. Again, I just wanted to provide that clarify case, because if you are sitting in the public and hear the number 140 positions were added to the County, you know, new positions, I think we would all take a gasp and step backwards. So I just wanted to provide that clarification for everybody.

Chair Furfaro: We are going to stay with specific items and not drift all over to discussion and so forth, as we go through this. Do you have a legal opinion to share with us, where the Council is allowed to book an estimated vacancy factor as it relates to Mr. Hooser's proposal?

AMY I. ESAKI, First Deputy County Attorney: I believe Charter Section applies in this situation and that particular section does say that the Council may reduce any item or items, Therefore, you cannot do an overall reduction, but a specific reduction in a specific item.

Chair Furfaro: Mr. Hooser do you have a question for the County Attorney?

Mr. Hooser: Just to clarify. So if we went through the entire budget and made two percent (2%) to every position, that would be legal?

Ms. Esaki: If you are looking at each item at two percent (2%) reduction for each item.

Mr. Hooser: Okay. And that applies whether it is to positions or pencils and paperclips and paper? Any line item on the budget, as long as we did it individually?

Ms. Esaki: That is correct, each line item.

Mr. Hooser: So we can do that, Chair but when I talked to staff, the binder was a lot of paper to propose that. So I choose to do it to describe it like this, but the intent is certainly to do that.

Chair Furfaro: Well, then Amy, because we have three and a half days of the decisions here, I want a legal opinion made available to us on Monday morning.

Ms. Esaki: Yes, Chair.

Chair Furfaro: I want to make sure that you understand, it is not on a particular item. It is based on a forecasted estimated vacancy. It is a lot different from saying reduce this item two percent (2%) and so forth. Okay? First you have to understand the subject matter. The subject matter is a forecast of what a vacancy would be. It is not a tangible number. It is a forecast. So it is intangible. Okay? And we will look forward to your opinion.

Ms. Esaki: The question that I understand that is being asked is whether you can delete or reduce a specific item.

Chair Furfaro: Not reducing a specific item. They are reducing an intangible vacancy factor. That is the difference. That is what the subject matter was on the Big Island and before we get into any more dialogue, the votes will fall on this, but I want a legal opinion on forecasting of vacancy factor.

Ms. Yukimura: Question for Amy.

Chair Furfaro: Go ahead.

Ms. Yukimura: I do want to request that the County Attorney's opinion that comes back to us be in the form of a question with a yes or no. And that has been your regular practice, but it is deviated several times recently. And it is hard to know what the answer is without the clear question.

Ms. Esaki: I would like the clear question. And what is the clear question that is being asked here today?

Chair Furfaro: Well, Mr. Hooser will put one together and we will send it over. We are going to continue with our business today and the votes are going to fall where they are. But I think it raises an important question for us is this legally approachable? Mr. Rapozo?

Mr. Rapozo: Amy, thank you for being here. Last year's budget there was a 5% vacancy factor in the Kaua'i Police Department, across the board, no different than what Mr. Hooser is proposing today. Five percent (5%).

Ms. Yukimura: From the Administration.

Mr. Rapozo: But this Council passed this budget. Regardless of what is proposed, we pass the budget and if that charter says we cannot do that, then we cannot do it, regardless of who proposed it. This is the problem that I have, if it suits you, we will make the opinion fit. Last year it was fine, because it came from the Administration, five percent (5%) vacancy factor, approved by this Council. So Mr. Hooser, I just want you to know, because you were not here, it was a line item in the budget and it was legal back then.

Chair Furfaro: Go ahead, Mr. Hooser.

Mr. Hooser: Thank you, Chair. I just hesitate to vote until we hear...I know some members are concerned about it and I would not hold it against them voting against it if they are not clear on the legality of the issue and I would prefer to settle on it before we vote on it and number two, I understand your discussion in terms this is a concept of vacancy reduction. I am not proposing a concept. I am proposing a specific two percent (2%) per person reduction in funding, and so I am not proposing something that is theoretical. I am proposing two percent (2%) per line item and I would be happy to talk to the County Attorney and get it in writing.

Chair Furfaro: I think we are going to.

Mr. Hooser: This is not a theoretical proposal, but a specific proposal of two percent (2%).

Chair Furfaro: I think it will depend on how you came from the question going over and it was specifically to the staffing guides. It was...JoAnn, you came right between our conversation. We are going back and forth.

Ms. Yukimura: Excuse me.

Chair Furfaro: It was specifically to the staffing in the Police Department and this is the difference, I think, with across the board.

ALFRED B. CASTILLO, JR., County Attorney: Council Chair, may I make a comment?

Chair Furfaro: Sure.

Mr. Castillo: Al Castillo, County Attorney. First of all, just...I know we will be getting the specific question from Councilmember Hooser. But from what I understand is the topic of the discussion is as Councilmember Rapozo said he used the example of the Kaua'i Police Department. Where we have say, just for an example, we have ten positions, and we are saying here on this side that you have to make sure that you have budgeted for the ten positions. The full amount. And the proposal is to reduce the amount for those positions, even if they are not filled by a percentage. So that is my understanding. The other thing that I would like to mention is that...and this has always been the case with the County Attorney's Office. We never give you an opinion to fit a purpose. When you ask the question, we research the matter. We research the question. And we provide you an answer that is defensible.

Chair Furfaro: I sense that. That is why I asked, we will get the question specifically from Mr. Hooser. I am saying to you, you need to put your staff on the response and we are looking for it on Monday morning.

Mr. Castillo: Thank you.

Chair Furfaro: Vice Chair.

Ms. Nakamura: I want to thank you Councilmember Rapozo for bringing this up, because I did look at it and it is a five percent (5%) vacancy factor in the Police Department. And if this approach has been done before, then maybe it can be done again. But I think that in moving forward it would be important to look at each specific Department vacancy factor. Police was interesting because for many years they had vacancies and no program for filling them and we knew there would be positions not filled because they were going through their recruitment process. So I think there was some comfort level about doing that vacancy factor. I think again, if you could do it by Department and maybe avoid the smaller ones, where there is no fudge factor there. There is no vacancy currently and I think that approach might be the case.

Chair Furfaro: Thank you for that. Mr. Kagawa, then Mr. Bynum.

Mr. Kagawa: You know, when you are cutting...I want to speed things up a little bit and I know I am talking and I am not speeding it up. But to get around it, my method was actually legal. My method is all the vacancies that we have, is to eliminate those positions. In the General Fund I have \$1.3 million. In the Highway Fund, I have \$257,000. In the Sewer Fund I have \$119,000. In Solid Waste I have \$104,000 of actual positions to be dollar-funded or removed. So I have a solution to this and we do not need opinions if you agree, but I thought Mr. Hooser's method would have given the Administration the flexibility to fill the positions as you see as priority. We do not work every day and know all the battles that you go through. So I thought that Mr. Hooser's method was very ingenious, and that it would give you the discretion. But as I follow here, it might actually kind of restrict Departments that really are not at fault. I can see that now. So we have a direct deletion. It is huge. But I would defer to Mr. Heu, last year I know in campaigning we knew that 27 positions or something were added last year and you are telling me the previous three years only 20 were add? I used to work here. The County has grown a lot. Our responsibility has grown a lot. And I can see that, but it seems that this year we have to kind of stop it or even cut it down a little bit. So that is why I am

inclined to make these big cuts. I do not want to be raise taxes, as much as possible. Thank you.

Chair Furfaro: Mr. Bynum, you have the floor.

Mr. Bynum: I just want to point out, if you look at the CAFR, the Administration gave us reduced spending two years in a row at the beginning of this. I already said that I do not like the approach of doing two percent (2%) or five percent (5%). And the Administration has already tightened the variance. Although when I got this resubmittal I thought we might have something from the Administration similar to what we had last year, where they identified positions that were currently vacant, and three quarter-funded them in recognition that it was going to take at least a quarter to get through the sole-source and hiring procedure. My guess is that there are probably a number of positions that we could go that way, but I would want guidance from the Administration. But that...if I am correct, at the submittal last year, there were a number of positions that were three quarter funded that were vacant. So I think we could look at that as an approach; that would be more thoughtful and not just kind of across the board.

Chair Furfaro: I do not want to carry this on as if it is a Council Meeting. This is decision-making. You have the floor, Vice Chair.

Ms. Nakamura: Just very briefly, that is actually the approach that I took with some of my deletions is just looking at the vacant position and after hearing from the Departments and when they anticipated hiring based on past practices, I made some...at least one deletion because of using that approach. So it is not fully-funded, but partial-funding.

Mr. Bynum: I will wait for that proposal.

Chair Furfaro: Steve, I know you want to say something, but I do not think we have questions.

STEVEN A. HUNT, Director of Finance: I was just going to comment regarding the vacancy factor to begin with. When we met going through the budget with each Department, we went through all of the vacant positions. And we dollar-funded a number of them based on our interviews. We checked to see where they are in the hiring process. Had they interviewed? Had there been a list selected? Had an offer been made? And part of that was the reflection of the timing and we had some positions that we deferred. Parks Planner was one of them with the October date and where we thought we would push the dates we short-funded for the year to cover that timing allowance. So a lot of the vacancy was also with police and police has since filled many of that. So there is not as much vacancy as there once was in prior budgets. To some degree we have done our own vacancy factor in our budgeting process this year. The other question that I think I heard when Councilmember Hooser initially posed the question was can you have a vacancy factor? But as a secondary question, can we go and take two percent (2%) off all the salaries?

You can do what you want to the vacant positions, but you cannot short-fund a warm body Civil Service position. That is the opinion that I have gotten from the Attorneys.

Chair Furfaro: Thank you, we will see the opinion from the Attorneys on Monday. My approach is if you are not filling the vacancy, Position 899, Position 2469 has not been filled since July of last year. Okay? Those positions should be out and not carried in the budget. We have another position dollar-funded in the briefing that I got from you folks, that is a new approach, but we are going to get a legal opinion. What is on the table right now is Mr. Hooser's motion. And I want to see if we want to pursue it with a vote and get a legal interpretation on Monday or not. Mr. Hooser, you have the floor, the meeting is called back to order.

Mr. Hooser: I would rather defer the vote until we get clear on the legal. And again, there would be another approach I mentioned briefly would be to take a percentage off the discretionary funding that equaled the same amount and that money is moved back and forth. We all know that the budget money is always moving around, but I would prefer not voting given the legal question. We had the County Attorney actually tell us that we could do it and now the Director of Finance just told us he did not think we do it. So there is definitely some confusion legally and I would like to clarify that. So do I withdraw my motion or move to defer? How do we do it?

Chair Furfaro: We will revisit it on Monday. I will make that exception.

Mr. Hooser: Okay.

Chair Furfaro: If we go to the other discretionary pieces I have things in here that I would like three percent (3%) on Workers' Compensation, one percent (1%) on Electricity and still needs to go down. We have a Green Team and what are we measuring? So I do not want it to be just a blanket piece, but to be sure where we make the cuts in my opinion we also leave ourselves an audit trail and know what we took out. Thank you. I will guaranty revisiting this on Monday after we get the legal opinion, Gary. Anymore in the Mayor's Office?

Mr. Rapozo: Mr. Chair?

Chair Furfaro: Yes.

Mr. Rapozo: I am sorry, this is not the Mayor 's Office.

Chair Furfaro: Mayor's Office.

Mr. Rapozo: I believe that is it.

Chair Furfaro: Okay. So what is on the board right now for the Mayor's Office? I cannot read it. Do we have a mic over there so you can tell me what it is? What is the dollar amount? Can anybody see it?

Mr. Kagawa: \$26,000.

JADE K. FOUNTAIN-TANIGAWA, Deputy County Clerk: Next Department, we have gone through Mayor's Office Youth Work, Mayor's Office Equal Access. Mayor's Office, Boards and Commissions.

Chair Furfaro: Am I hearing any items? If not, next.

Ms. Fountain-Tanigawa: The next Department would be the Office of the County Clerk, Council Services.

Chair Furfaro: Office of the County Clerk.

Mr. Rapozo: Mr. Chair?

Chair Furfaro: Yes.

Mr. Rapozo: The first item from the Council Services is the new Secretarial Assistant that was proposed and the benefits as well and the number is \$58,971. That is the motion.

Chair Furfaro: That is a request for a second?

Mr. Hooser: Second.

Mr. Rapozo moved to remove the "NEW-Secretarial Assistant" position and associated benefits in Council Services in the amount of \$58,971, seconded by Mr. Hooser.

Chair Furfaro: Was that you, Mr. Hooser? Okay, motion and second. Discussion?

Mr. Rapozo: The only discussion I have, Mr. Chair, is that as I stated last year, during the budget as well, you know, we as a Council need to lead by example. We have a great staff here. And they definitely service our needs. As I expected the Administration to do more with less, I expect our Department to do the same. So I will not be supporting this new proposed position.

Chair Furfaro: Okay. Mr. Bynum, you have the floor.

Mr. Bynum: Since Mr. Furfaro has been the Chair, we have tried to address staffing issues at Council. We did a Human Resources Subcommittee last year, which clearly illustrated that our staff is way smaller than every other County. Mr. Furfaro filled vacant positions. It is absolutely true that we have an outstanding staff that works their tail off. And they are still pushed to the limit. And this is part of the Chair's thoughtful about getting us adequate staffing. So I am not going to support cutting away the work of three years to get us grounded.

Chair Furfaro: Did you wanted to speak, Mr. Hooser?

Mr. Hooser: This is a new position that was being proposed. This is not the vacant Secretarial Assistant position, right?

Chair Furfaro: This is a Secretarial Assistant new.

Mr. Hooser: Right. So I am supporting the removal and I agree we need to lead by example.

Chair Furfaro: Any more discussion? Vice Chair.

Ms. Nakamura: Same here. I feel that we do need to lead by example and I think we can do without this position. So I will be supporting this.

Chair Furfaro: First of all, before we actually take the vote, I want to say that we have had some great accomplishments here. Great accomplishments. We recently got an A+ rating that I shared with you folks yesterday against 3,026 Counties across the nation and our staff does a great job and I thought this was an enhancement piece. Yesterday we introduced an update of the County code, which had not been updated since 1987 and says done it is done and I want to recognize our staff has been working very hard.

Ms. Yukimura: I want to say that the recognition of the sign of an incredible staff here and also recognize the Council work that was done to move us towards that recognition as well. Chair your leadership and I want to particularly recognize Councilmember Bynum, who was an advocate for this system of agenda and having all of the bills available, the supporting materials available to the public for all of our meetings. It was an arduous journey under the previous Administration of the Council. Our present Chair has really facilitated it and I appreciate that kind of leadership.

Chair Furfaro: Mr. Kagawa.

Mr. Kagawa: I like to lead by example also. I just feel like I am giving the staff so much work that I would be remiss if I cut this position and then get the additional work that I am sending out on behalf of constituents done in a timely manner. So I am sorry, Mr. Rapozo, and Mr. Hooser, I will not be supporting you on this one.

Chair Furfaro: Let me see if I have anybody else before I recognize Mr. Bynum a second time? Okay, Mr. Bynum you have the floor.

Mr. Bynum: I think anybody that watches this government knows how much more dynamic this current Council is than they were six years ago. We give tons of work to the staff, and you know, there are decisions that we make that I would love to support lead by example kind of talk, but we make mistakes here, it costs a lot of money for the County. And I just cannot see us not honoring the work that is substantial and I am pleased to support this.

Chair Furfaro: On that note I will call for the vote. The motion is can be I cannot see that number, including salary and benefits.

Mr. Rapozo: \$58,971.

Chair Furfaro: Thank you, Mr. Rapozo.

Mr. Rapozo: On that note, I want to say Mr. Chair, I do honor the work. The comment that Mr. Bynum cannot see us honoring the work of our employees. Toxic.

Mr. Bynum: Work of the Chair.

Mr. Rapozo: I honor the work of our Chair and I honor the work of our staff. Thank you.

Chair Furfaro: Thank you. I am going to call for the vote. This is for the new position Secretarial Assistant in the Council budget. Let us do a roll call, please.

The motion to remove the "NEW-Secretarial Assistant" position and associated benefits in Council Services in the amount of \$58,971, was then put and carried by the following vote:

FOR REMOVAL: Hooser, Nakamura, Rapozo, Yukimura	TOTAL – 4,
AGAINST REMOVAL: Bynum, Kagawa, Furfaro	TOTAL – 3,
EXCUSED & NOT VOTING: None	TOTAL – 0,
SILENT: None	TOTAL – 0.

Chair Furfaro: 4-3. Okay. We are still in Council Services including Elections and so forth, Jade. Mr. Hooser, the floor recognizes you.

Mr. Hooser: I am recommending that we also dollar-fund a dollar of Council Services Administrator for \$95,957. The total savings would be \$148,881. And if we dollar-fund that position, just for the record, there will still be three other vacant positions two of which are hopefully being filled, but we will have three other vacant positions. So when we started the conversation, there were five and this is an existing position and again, more leading by example. Yes.

Mr. Rapozo: Second.

Mr. Hooser moved to dollar fund Position No. 2708, Council Services Administrator and associated benefits in the amount of \$148,881, seconded by Mr. Rapozo.

Chair Furfaro: We have a second and just for clarification for everybody, two of the positions that we have, we lost internally this year to the County. One went to the new Prosecutor's Office, one went to the Auditor. And then we lost one in-house to the private sector. And those are pretty recent. I have a number that is different than yours and I will be supporting this, Gary. But my intent was to move that money to Planning as an add-on when we come to the adds, because I want to do something to support Planning on the TVR Enforcement. So I will be supporting this request. But my number is different. I have \$148,944 and let us use the lower number for Mr. Hooser.

Mr. Hooser: Since you mentioned what your intent was...and I know we will get to it and my intent was to fund the Meals on Wheels.

Chair Furfaro: I have a little money for that when we get to that.

Mr. Hooser: Okay.

Chair Furfaro: Let us agree on cuts first, but I wanted to disclose I had plans to use that and my intention was to use that for support in the Planning Department.

Ms. Nakamura: My number was \$148,881 for the deletion as well.

Chair Furfaro: We are about \$14 off here on the calculation. Mr. Kagawa.

Mr. Kagawa: I will be leading by example on this one. This position is not needed at the current time, and therefore, I will be supporting it.

Chair Furfaro: Mr. Bynum.

Mr. Bynum: I am very reluctantly going to support this, because it has not been filled. I believe it should have been. This is a position, a key position for leadership that I think our current Deputy Director is taking on all of that work and more. And I think it is a mistake, but I am going to reluctantly support it.

Chair Furfaro: Thank you, Mr. Bynum. Before I go any further, I want to give praise...this is a position that has been in the County Council for a while, many years and I want to make sure that you understand. I think some of our investment in the people that we have right now does allow to walk away from this position now and it is due to a tough message of thank you for doing this and the recognition is that we are taking away a position. So let us call the roll call, please

The motion to dollar fund Position No. 2708, Council Services Administrator and associated benefits in the amount of \$148,881, was then put and carried by the following vote:

FOR DOLLAR FUNDING: Hooser, Kagawa, Nakamura, Rapozo, Yukimura, Furfaro	TOTAL – 6,
AGAINST DOLLAR FUNDING: None	TOTAL – 0,
EXCUSED & NOT VOTING: None	TOTAL – 0,
SILENT: Bynum	TOTAL – 1.

Chair Furfaro: So that number is up on the board for savings.  
 Okay, are we still in Council Services?

Mr. Bynum: I wonder if everyone that voted to eliminate a clerical position was aware we were going to eliminate that position as well and whether that changed anybody's mind about a clerical position.

Chair Furfaro: I will resurface the question. We have lost the position to be determined where it is used later along with a clerical support. Is any member concerned that they did not know we were going to lose the two?

Mr. Kagawa: No.

Chair Furfaro: Okay. So no reconsiderations. Council is out two positions.

Mr. Rapozo: Mr. Chair?

Chair Furfaro: Yes.

Mr. Rapozo: This is a no-brainer.

Chair Furfaro: Still in Council Services.

Mr. Rapozo: \$23,000 was added to the HSAC line under "Dues and Subscriptions" last year because HSAC and the City and County of Honolulu were proposing an Executive Director position to the body. That has ceased with the departure of a couple of Honolulu Councilmembers so the \$23,000 allocated last year will no longer be needed and I move to remove the \$23,000 from "Dues and Subscriptions."

Chair Furfaro: Seconded by Mr. Kagawa.

Mr. Rapozo moved to remove funding in Council Services for "Dues & Subscriptions-HSAC Executive Director" in the amount of \$23,000, seconded by Mr. Kagawa.

Chair Furfaro: I will be supporting it, Mel.

Mr. Rapozo: For your information, Kaua'i was the only County that fully funded that...in fact overfunded the effort.

Chair Furfaro: Part of it is by lead by example and we wanted you to have the money to lead. So \$23,000 out of HSAC dues and subscriptions. No more dialogue, let us vote. Roll call, please

The motion to remove funding in Council Services for "Dues & Subscriptions-HSAC Executive Director" in the amount of \$23,000, was then put and carried by the following vote:

FOR REMOVAL: Bynum, Hooser, Kagawa, Nakamura, Rapozo, Yukimura	
Furfaro	TOTAL - 7,
AGAINST REMOVAL: None	TOTAL - 0,
EXCUSED & NOT VOTING: None	TOTAL - 0,
SILENT: None	TOTAL - 0.

Chair Furfaro: Seven ayes. Do we have any more in Council Services? If not, can someone tell me the number...can somebody look at the screen and tell me the number.

Ms. Nakamura: I have one more.

Chair Furfaro: We have one more in Council Services. I recognize the Vice Chair.

Ms. Nakamura: I would like to propose deleting Secretarial Assistant E-2710, this is Morgan's position. She left and I believe the two secretaries can handle the work. They have handled it. So the deletion is with salaries, social security, health fund, retirement, and OPEB to total \$78,824. And it would be not to delete it, but to dollar-fund it.

Chair Furfaro: Okay. JoAnn, you have the floor.

Ms. Yukimura: What position was that?

Chair Furfaro: What is the vacancy that was created?

Ms. Nakamura: E-2710.

Ms. Yukimura: Thank you.

Chair Furfaro: I want to say amongst the six Councilmembers I will not be supporting the removal of that second position, for you folks. As we get busier and as it gets more intense, the support is going to be required. Mr. Kagawa.

Mr. Kagawa: Yes. I will not be supporting it. When Morgan was there, I think we had a little more communication going on, and I know it is tough right now for Lisa to juggle between four of us down there in that Office. I want to thank Lisa for stepping up. Lisa Watanabe for stepping you up and doubling her duty, but I would say that I could really use that secretary, as well as other Councilmembers. Thank you.

Chair Furfaro: JoAnn.

Ms. Yukimura: I will not be supporting that, because I think some of us are well-staffed, but others need some support and we need to make sure that they have it, too.

Chair Furfaro: Mr. Hooser, can I ask first, I am sorry, I did not get a second.

Mr. Kagawa: Second.

Ms. Nakamura moved to dollar fund Position No. E-2710, Secretarial Assistant in the amount of \$70,824, seconded by Mr. Kagawa.

Chair Furfaro: Thank you. Go ahead, Mr. Hooser

Mr. Hooser: I thought I heard a scream coming from downstairs. An ouch, I should say. I think we have taken enough right now and I think we need help downstairs. Thank you.

Chair Furfaro: This is based on the fact that currently I share with Councilmember Yukimura, and I can appreciate what she said, because I sometimes find myself juggling needs with Councilmember Yukimura as well. So let us do a roll call vote. Mr. Bynum, go ahead.

Mr. Bynum: I am going to say this one more time. We are the only Council in the State of Hawai'i where each Councilmember does not have I think a

Secretary and Administrative Assistant. We are not effective for you as we could be because we do not have basic support. We have to do our own clerical work in certain circumstances. Are we going to be a sophisticated County or are we going to be backwater? These are the choices that we are make.

Chair Furfaro: I am calling for the vote.

The motion to dollar fund Position No. E-2710, Secretarial Assistant in the amount of \$70,824 was then put and carried by the following vote:

FOR DOLLAR FUNDING: Nakamura, Rapozo	TOTAL – 2,
AGAINST DOLLAR FUNDING: Bynum, Hooser, Kagawa, Yukimura, Furfaro	TOTAL – 5,
EXCUSED & NOT VOTING: None	TOTAL – 0,
SILENT: None	TOTAL – 0.

Chair Furfaro: So it fails 2-5. Now can you tell me what we have taken out of Council Services? What is that number?

Ms. Fountain-Tanigawa: Mr. Chair, so for Council Services we have taken out \$230,852.

Mr. Kagawa: Mr. Chair, I think the Secretarial Assistant did not come out of the top. Can we recheck the vote?

Chair Furfaro: The vote for the number?

Mr. Kagawa: The first one \$58,971, that did not pass. I did not see it.

Chair Furfaro: That was the new position that passed.

Mr. Kagawa: The new one passed?

Chair Furfaro: There were two, one in the current budget caused by a vacancy and then there was an add for next year. That add came out, right?

Ms. Fountain-Tanigawa: The new Secretarial Assistant...

Chair Furfaro: Excuse me, B.C., I am going to take a ten-minute caption break and go look at the board.

There being no objections, the meeting was recessed at 2:48 p.m.

The Council reconvened at 2:59 p.m., and proceeded as follows:

Chair Furfaro: Okay, we are getting close to some of the housekeeping items that I wanted to reconfirm. As I mentioned earlier, when we go through a Department, I am going to close it out, if there is a need to want to reconsider something you will do it at that time, and if not, the time is gone and we are moving on. At present the number that was up by Ashley folks was \$230,852. That is the correct number. This is the last item in Council Services and Elections and before I close this, does anybody want to reconsider? JoAnn.

Ms. Yukimura: As someone who was in the prevailing vote for the new Secretarial Assistant, I would like to ask reconsideration of that. Councilmembers Kagawa and Bynum have told me how important that position is to their needs and as Councilmember Bynum pointed out, the Council is fairly thinly staffed. With this new

position there would be four assistants for seven Councilmembers. So would I like to ask for a revote on that.

Just while we are waiting, so right now it is?

Chair Furfaro: \$230,852.

Ms. Yukimura: The new position that we are talking about is the new Secretarial Assistant position listed at \$58,097, which is salary plus benefits. Do I need a motion?

Chair Furfaro: Let us wait for Mr. Rapozo. We are in reconsideration, before we close out Council. Councilwoman Yukimura was in the prevailing section and has asked for reconsideration. Do I have a second?

Mr. Kagawa, Mr. Bynum tandemed the second. So we have a second for that reconsideration.

Ms. Yukimura moved to reconsider removing the new Secretarial Assistant position in Council Services listed at \$58,971, salaries and benefits, seconded by Mr. Kagawa.

Ms. Yukimura: Do you want to vote on the reconsideration first formally?

Chair Furfaro: We are not coming back. So we are going to do a reconsideration right now. We are going to vote now. Let us vote on the reconsideration first, and we will take the vote.

Ms. Nakamura: Can I have a one-minute recess?

Chair Furfaro: Okay. We are in recess.

There being no objections the Committee recessed at 3:00 p.m.

The Committee reconvened at 3:01 p.m., and proceeded as follows:

Chair Furfaro: To make sure everybody understands in a reconsideration, before we close out that Division of the County, the one person in the prevailing vote may ask for a reconsideration. We will vote first to see if we have enough people that would support a reconsideration and then give that person the floor to explain what they want to reconsider. So now I am asking for a recall vote on JoAnn's request for reconsideration. Roll call, please.

The motion to reconsider removing the new Secretarial Assistant position in Council Services listed at \$58,971, salaries and benefits was then put and carried by the following vote:

FOR RECONSIDERATION: Bynum, Kagawa, Hooser, Rapozo, Yukimura	TOTAL – 5,
AGAINST RECONSIDERATION: Nakamura, Furfaro	TOTAL – 2,
EXCUSED & NOT VOTING: None	TOTAL – 0,
SILENT: None	TOTAL – 0.

Chair Furfaro: So we have a 5-2 vote. JoAnn you now have the floor for the item that you wish us to reconsider.

Ms. Yukimura: Thank you. I move to remove the deletion of the new Secretarial Assistant.

Chair Furfaro: And that amount was how much?

Ms. Yukimura: \$58,971, salary and benefits.

Mr. Bynum: Second.

Ms. Yukimura moved to restore the new Secretarial Assistant position in Council Services in the amount of \$58,971, salaries and benefits, seconded by Mr. Bynum.

Chair Furfaro: We have a motion. Further discussion?  
Councilwoman Nakamura.

Ms. Nakamura: I feel that with the position...the new position that is unfilled and vacant right now, that we will be filling shortly, that there serves the needs of this Council. I believe that if we are asking all of the other County Agencies to make due with less, to make some sacrifices, I think this is something that we as a Council Body can do.

Chair Furfaro: Mr. Bynum, then Mr. Rapozo.

Mr. Bynum: I am just going to respectfully disagree with that position and say we just eliminated an administrative position at a much higher salary that has been on Council Services forever as far as I know. So I appreciate the reconsideration, and I hope we can prevail on the vote for a low-level clerical position.

Chair Furfaro: Mr. Rapozo, you have the floor.

Mr. Rapozo: Thank you, Mr. Chair. We just removed a \$96,000 position that has been vacant for a long time. It does not matter how long it was filled. It has been vacant for a while. We never tried to fill that position. In relation to the service that I personally receive from our Staff, contrary to what Mr. Bynum said earlier that we are not getting served, I got to disagree 100%. I have been serviced extremely well. Our memos get done. The only time I do my own clerical work is if I choose to. That is the only time. Often times we have last-minute requests and Ashley is our HSAC person in addition to all her additional duties. The point I want to make to the general public is that we are being served well here by our Staff. Are they working hard? Definitely. Are these tough times? Definitely. You know, I am sure the Mayor could make an argument for every single position we are trying to cut here and I know it is tough and I am asking you folks to suck it up this time, this year. I am asking our colleagues to suck it up as well. So to sit here and say Mr. Mayor, sorry, we are going to dollar-fund and two percent (2%) and do this and that, but we want this and that and add ours and I do not think it is right. I hope this is not trend for the rest of the budget that we are going to be voting and reconsidering.

Chair Furfaro: I would like to say to you, reconsideration will be done at the Division at the end. After that, it is done, no more revisiting it and so we have come to the end of Council Services and we are revisiting it, which I plan to do with each Division. But that is *pau*.

Mr. Rapozo: Thank you. Maybe I will make a reconsideration on this reconsideration at the end of the Council Services.

Chair Furfaro: Anybody else who wishes to speak? Mr. Bynum?

Mr. Bynum: I do not like that Councilmember Rapozo tries to take my position as wanting additional clerical support as a criticism of our current Staff. He knows that we have Staff Analysts who do specific jobs. I have absolutely no complaint about that Section, I have only praise. This is about basic clerical support to make

Councilmembers more effective at our primary responsibilities and not organizing and filing and writing letters and responding. So there is a difference.

Chair Furfaro: Any further discussion? JoAnn?

Ms. Yukimura: Yes. I am personally very well-served, too and I am glad that Councilmember Rapozo is too, but like I said, we have to think of all our Councilmembers and this is important to at least two our members and even if it were important to one, it is important. Thank you.

Chair Furfaro: Mr. Hooser.

Mr. Hooser: Just to clarify the vote is to restore the position?

Chair Furfaro: The new position.

Mr. Hooser: Okay.

Chair Furfaro: The clerical position, which will leave us from going from \$230,000 of savings from the Council, the Council's new number is a savings of \$171,000 if that position is restored.

Mr. Kagawa: Can you clarify what the ayes and nays?

Chair Furfaro: First of all the motion to reconsider was answered positive. Now JoAnn has made the recommendation that we restore that one position and to support it you would say aye. Do I have that right, Staff? I think so. Please call for the vote.

The motion to restore the new Secretarial Assistant position in Council Services in the amount of \$58,971, salaries and benefits, was then put and carried by the following vote:

FOR APPROVAL: Bynum, Kagawa, Yukimura, Furfaro	TOTAL – 4,
AGAINST APPROVAL: Hooser, Nakamura, Rapozo	TOTAL – 3,
EXCUSED & NOT VOTING: None	TOTAL – 0,
SILENT: None	TOTAL – 0.

Chair Furfaro: That is the last of Council Services and Elections. Council Services is closed with a savings of \$171,880. Next Division.

Ms. Fountain-Tanigawa: Next is Office of the County Auditor.

Chair Furfaro: Any proposed changes with the Office of the County Auditor? Go ahead.

Ms. Nakamura: My proposal is to reduce the line item used for Forensic Auditors and Professionals and basically contracting out audit assistance by the amount of \$40,000. And even with this change, there is a balance of \$155,000 in that line item. Along with the consultant fee, right above that line item is \$225,000. When you add those two together it is still above the 2012 actuals for this Division. I think I would like to make this request.

Mr. Bynum: Second.

Ms. Nakamura moved to reduce the line item for “Forensic Auditors and Professionals” by forty thousand dollars (\$40,000), seconded by Mr. Bynum.

Chair Furfaro: Steve may I ask you to come up. I have a second. Am I correct that the \$200,000 is the item that shows up as our external audit? Is that where it is at?

Mr. Hunt: The \$200,000?

Chair Furfaro: That is the external audit, right?

Mr. Hunt: Yes. The assistance.

Chair Furfaro: I just want to share that with everybody and the adjustment being proposed is the \$40,000 on the one item is that what you are suggesting?

Ms. Nakamura: There is a line item for the CAFR audit. That is the \$225,000. I am not touching that. There is a separate item that relates to Auditors and Professionals and this would be contract services \$195,000 and I will reduce it by \$40,000, so it is still going to be \$155,000.

Chair Furfaro: Without toughing the money for the CAFR?

Ms. Nakamura: Correct.

Chair Furfaro: Thank you, Steve. Okay we have that motion and did I have a second? Yes, I had a second over here. Further discussion? If not, roll call, please.

The motion to reduce the line item in the Office of the County Auditor, "Forensic Auditors and Professionals" in the amount of forty thousand dollars (\$40,000), was then put and carried by the following vote:

FOR APPROVAL: Bynum, Hooser, Kagawa, Nakamura, Rapozo, Yukimura, Furfaro	TOTAL – 7,
AGAINST APPROVAL: None	TOTAL – 0,
EXCUSED & NOT VOTING: None	TOTAL – 0,
SILENT: None	TOTAL – 0.

Ms. Fountain-Tanigawa: Seven ayes.

Chair Furfaro: Thank you very much, going to the next Department, any reconsiderations for the Auditor? If not, next Department, please.

Ms. Fountain-Tanigawa: Next Department is the County Attorney.

Chair Furfaro: County Attorney's Office. Nothing? Nothing.  
Next Department.

Ms. Fountain-Tanigawa: Next Department is the Prosecuting Attorney.

Chair Furfaro: Prosecuting Attorney's Office? Nothing. Next Department.

Ms. Fountain-Tanigawa: Next Department is the Finance Department.

Chair Furfaro: Finance Department?

Ms. Fountain-Tanigawa: Finance Administration.

Chair Furfaro: Finance Administration. Thank you. Okay.  
Next item.

Ms. Fountain-Tanigawa: Finance-Accounting.

Chair Furfaro: Finance-Accounting now. No deletions, next Department.

Ms. Fountain-Tanigawa: Finance-Information Technology.

Chair Furfaro: Finance-IT, Mr. Kagawa.

Mr. Kagawa: Thank you, Mr. Chair, because, like I said, we have raised questions about Mr. Hooser's accounting of deletions, I am just using the sheet of vacancies, meaning that I am not cutting any warm bodies Position No. 244. IT Specialist IV and Position No. 273 is also we are going to vote ala carte. I am just using this list...if you do not want to give me that direction as to what we can reduce, I am just going to...I got to get down to the \$2 million that I did not vote in the Vehicle Tax. This is my main method. Thank you.

Chair Furfaro: Can I have a second before I bring up IT...I will bring the Finance Director up. If you so note, my colleague and friendly baseball neighbor, we are speaking French now, ala carte. We have the steak and looking for the vegetable and potatoes. What were the two items, please?

Mr. Kagawa: Position 244 and 273, both are IT Specialist IVs.

Mr. Kagawa moved to dollar fund Position No. 273 and Position No. 244, seconded by Mr. Hooser:

Chair Furfaro: Let me ask you, is there any recruitment that we should be aware of that is actively going on right now?

There being no objections, the rules were suspended.

Mr. Hunt: Yes, in fact, I think Brandon Raines spoke to this earlier. We had one very overqualified candidate looking at moving from Newport Beach and eventually gave us the no, it was not enough, as much as we could leverage to the top degree of that step. And so we are out recruiting again. I believe they have done interviews at least for one of the two positions, if not both.

Chair Furfaro: Do you know what position numbers is which?

Mr. Hunt: I do not know. I know they are interviewing because they are the same position. They have kind of expanded the list as being interviewing for both positions at once, because they are qualifying them as the same position.

Chair Furfaro: Mr. Hooser.

Mr. Hooser: How long has the position been vacant?

Mr. Hunt: I do not know offhand.

Mr. Rapozo: I know the answer.

Chair Furfaro: Mr. Rapozo you can give the answer and then I will give Mr. Hooser the floor again.

Mr. Rapozo: Position No. 244, according to the report submitted to us, January 27, 2013, relatively recent. Position No. 273, January 1, 2010. Three years. Over three years. So I remember Mr. Raines up here saying that they have interviewed, but they have not found the quality. So I will be supporting the dollar-funding of 273, because that is over three years. But I will not be supporting the recent vacancy.

Chair Furfaro: What was the other number?

Mr. Rapozo: 244.

Chair Furfaro: You have the floor.

Mr. Hooser: Just to point out, that even the relatively recent is four months, it seems like. January to now. And pardon me? Okay. So that is money that was funded that was not spent. Thank you.

Chair Furfaro: I do anticipate that that 244 number with recruitment from January is for the IT Department is a highly technical position?

Mr. Hunt: Yes, it is one of the most advanced positions in that Department. So it has been difficult to find.

Chair Furfaro: JoAnn, you have the floor.

Ms. Yukimura: When was Brandon hired?

Mr. Hunt: When was Brandon hired?

Ms. Yukimura: Yes.

Mr. Hunt: I do not know that answer.

Ms. Yukimura: About two years, right? I have commentary.

Chair Furfaro: I will call the meeting back to order before we get to the vote. I will let you practice brevity with your commentary, but I will give you the floor then.

Ms. Yukimura: Thank you.

Chair Furfaro: Mr. Bynum.

Mr. Bynum: I will be as quick as I can. When I came to work for the County I had a computer that ran Windows '98 that had not been supported for like three or four years and every time that somebody used the printer in my office the computer would shut down. We have come a long ways since those days and Brandon, I think was an outstanding hire. He purposely had to redirect this whole Agency and he purposely held positions open to get grounded and so he could meet with his staff and he could come up with a long-term plan and get accustomed to the County systems. He has explained all of that over the last two years to us and this Agency more than anyone else in the County has increased our productivity and saved us tons of money. Brandon is really hitting his stride right now and to take these two...you know, he is being very cautious about who he hires and I applaud that. So I will not be supporting either of these.

Mr. Hunt: Just as commentary, when we were going through the budget process...

Chair Furfaro: Excuse me, Steve, you do not respond to the individual member.

Mr. Hunt: Okay.

Chair Furfaro: You get recognized by the Chair. I want to make sure, because I do not want us to start thinking it is a practice to have open narrative over here, okay? You have comments?

Mr. Hunt: Thank you, Chair. Yes. Just for your edification on the budget process, when we gave Brandon a number to cut for his Division, he had an option of the body, or the position, or other things within operations and he said he would scavenge whatever would do on end of life materials and made significant cuts in order to preserve these because he is anticipating more demand service of his Specialists. I know even for getting WiFi and other rollouts it takes time and bodies and he is with a limited staff and it was a conscious decision to keep the position and cut other places.

Chair Furfaro: More questions?

Mr. Rapozo: I just have a question.

Chair Furfaro: Go ahead, Mr. Rapozo.

Mr. Rapozo: You brought up the WiFi. You know, when I got elected back to this Council in 2010, when I came back, that was one of my first requests, Steve. To get WiFi in this Chambers, so that when we do Council Meetings that we have the laptops. We did not have iPads then, but we have laptops and that, in fact, we could utilize the internet. That was many years ago. Realizing it does take time, it does not take that much time. I work part-time at Kaua'i Beach Resort and we have to relocate the Security Office because of some flooding and some whatever. It was really interesting, because I called the Manager and asked was there any way to get wireless in the new office and within 45 minutes we had wireless. I know the County is a little slower than the private sector, but this has now been three years, three and a half years. I am not sure what makes this place different. We need a router and a connection. We have a connection, because we have the connection to here...does this not have internet? So we need a router, that is all. Mr. Hooser brought it up during the budget deliberations and we do not have information. We do not have wireless. I understand, and whatever Mr. Raines decided to do with not using up the funds, \$110,000 a year times three years is \$330,000 that has been in a pot of taxpayer money that has not been used. So we dollar-fund it when he is ready and comes back to the Council and find the money, but I cannot continue to fund these positions and no action is being taken. So I hope you can appreciate my position. Thank you.

Chair Furfaro: Okay any more questions for Steve? If not, Steve, thank you very much. Could I have a revisit of what was the motion? Was the motion on Position No. 273 or 273 and the other?

There being no objections, the meeting was called back to order and proceeded as follows:

Mr. Kagawa: We should go ad seriatim.

Ms. Yukimura: Good French.

Chair Furfaro: Actually, that is Latin.

Ms. Yukimura: It was a joke.

Chair Furfaro: Okay. Go right ahead.

Mr. Hooser: And to clarify which one was vacant since 2010?

Chair Furfaro: 273.

Mr. Hooser: 273, okay.

Chair Furfaro: I want to make sure, reconfirm 273 has been vacant since 2010. 244 has been recruiting since this January.

Mr. Kagawa: Mr. Chair, I think a lot of us want to cut the one that has been vacant for three years, so let us take 273 first...if we can. I cannot tell you what to do, but I am requesting.

Chair Furfaro: To make a decision, I need to hear your feedback on that. Is your motion, 273?

Mr. Kagawa: Okay. Thank you my man. Thank you Mr. Chair.

Chair Furfaro: So we are going to take the vote on Position No. 273 first. Okay? Before I call for the vote, JoAnn, you have your commentary.

Ms. Yukimura: Thank you. You know, we have been talking over and over again about how we want good work, good decisions, good managers, and if we want good work we have to support our good managers and I think it is very clear that Brandon Raines is an excellent manager in a really important position that affects every Department. He came...I remember when he came on board we were throwing everything at him at once in terms of what needed to be done. They are huge things, the 800 MHz System, the Payroll System, all of these interfaces and every Department wanting to do different things in IT. He, has, I think exhibited great judgment in not immediately hiring and getting the lay of the land and I think we need to leave these positions open for him and he has been actively seeking these positions. They are not easy to find because they are really underpriced for the skills that we need and the nature of the work. So I will be voting against removing any of the positions in his Division.

Chair Furfaro: Are you finished JoAnn? I just want to remind everybody of the E-mail that we got from Brandon recently, that in the next couple of days, you know, wireless is going to be activated and so forth. So I just want to remind us. Vice Chair you have the floor.

Ms. Nakamura: Just in my conversations with Brandon, too, I learned that he real...his strategy was really to get the lay of the land when he first got on board and then to not hire just to fill the position, but to get the right person. I think that he was really trying to make some very deliberate decisions, so that because he knows about the longevity and the impact of one person can have in his Department. So I am not going to support this. I support your intent, Councilmember Kagawa, but I think this is one area where we need to invest, and I think we even need to have that conversation about what do we really need to attract the right person? If we cannot fill these positions because it is underfunded, I think it is important that we have that conversation with the Administration.

Chair Furfaro: Let me see if there is anybody else who wants to speak before I give you the floor again Mr. Kagawa. Go ahead, Mr. Hooser.

Mr. Hooser: I find it interesting that we are going to get the WiFi in a couple of days and I am happy to hear that. I am not supporting removing the

funding because we have not gotten the WiFi, but I do question why we did not get...the big things are important certainly, but the small things are important, too and the Council does ultimately have budget control and budget authority. I wish we would have had the WiFi earlier. I wonder what \$330,000 has been...gone somewhere.

Chair Furfaro: It goes into the surplus and it has for three years.

Mr. Hooser: Or it is reallocated in some other way.

Chair Furfaro: Could be.

Mr. Hooser: My intent is to leave the other one funded. So if a good person is found for whichever one, then the position can be filled or they can come back and ask for additional funding. Thank you.

Chair Furfaro: All good points. I want to make sure, I only brought up what I read in an E-mail a couple of days ago. I hope you got the same information regarding the WiFi. If you did not get it, I am sorry, but I got one. I read about 100 E-mails a day. So I know you folks face the same thing and maybe just did not get to it. I only brought it up, because it became a discussion in a place that I used to work at that could respond in 45 minutes. At least they are keeping up the standard, but I want you to know what I did there.

Chair Furfaro: Mr. Rapozo.

Mr. Rapozo: Thank you, Mr. Chair. These positions were vacant for quite a while.

Chair Furfaro: Yes.

Mr. Rapozo: And if that was intent of the Department Head or the Division Head to scope it out and check it out and maybe we should not have budgeted it last year. The strategy that I have is that it is not going to be...there is not going to be a hire in the next to month or two or three and probably not in the next four, five, or six. So by allowing one position to be funded, technically, you will have two six-month funded positions. So that is the safety net for it. Should they be successful and it has been years and they cannot fill one of them, it is very unlikely that they will fill two of them in the upcoming budget year. So if we leave one position, I mean, I would be okay leaving two positions funded for six months. That will give them six months to recruit and hire.

Chair Furfaro: We are going to vote on the first piece and the first piece is to remove Position No. 273...dollar fund...thank you, Mr. Hooser. Roll call vote.

The motion to dollar fund Position No. 273 was then put and carried by the following vote:

FOR APPROVAL: Hooser, Kagawa, Rapozo,	TOTAL – 3,
AGAINST APPROVAL: Bynum, Nakamura, Yukimura, Furfaro	TOTAL – 4,
EXCUSED & NOT VOTING: None	TOTAL – 0,
SILENT: None	TOTAL – 0.

Chair Furfaro relinquished Chairmanship to Mr. Rapozo.

Chair Furfaro: 3-4. I want to put on the table \$55,000 savings for Position 273 and that is only half a year of funding. We cannot overlook the fact that

this recruiting is taking so long. That is factual. And the other thing I want to say and I see we have some HR people here, the fact of the matter I have been working on a Resolution that going forward if we have a position that goes vacant more than one year, there needs to be a presentation made to the Council going forward. I mean, I have \$398,460 in my calculations of positions that have been vacant for more than 18 months. You know, there needs to be an urgency and a recognition. So go ahead. I have made a motion and I have to find a second for it, but go ahead.

Mr. Kagawa: Mr. Chair, I just want to know, because last night, when we did not approve some of the rate increases, you know, you reiterated some other members reiterated if you voted for the cut, or not to raise the Gas Tax, for example. Then make sure you have a solution or a cut. Now I was one of the four votes not to raise the gas tax, but it went up anyway. And I voted against the Fuel Tax and it did not pass and it cost the Council over \$2 million, right? Steve? The Vehicle Weight Tax cost over \$2 million. So my instructions were you find \$2 million in cuts even though you are one out of four votes. Here I have a solution, it is \$210,000 and even though I raised the solution and it does not have the votes...can you tell us and I do not have the votes, does that count towards my cuts?

Chair Furfaro: I think it is fair and reasonable that you put your nose to the grindstone and have been finding money. I am trying to find \$55,000 here. I am willing to take it...if it does not pass it does not pass, but I attempted to find \$55,000.

Mr. Kagawa: As long as I proposed my \$2 million in cuts...well, if I do not get the votes, it will be to my credit, right?

Chair Furfaro: Absolutely.

Mr. Kagawa: Thank you, Mr. Chair. You are very reasonable.

Chair Furfaro: I think I am a reasonable guy, yes. I have not finished making my motion.

Mr. Rapozo: Well, it is a process question, because Mr. Kagawa did 273 and that did not pass. So you are staying on 273?

Chair Furfaro: I am still on 273 and I am coming back with half of that money. So I would like to see...oh, you wanted to have some discussion before I make my motion?

Ms. Yukimura: No.

Chair Furfaro: I am proposing \$55,277 so that this position shows up in six months. I want to disclose fully to all of you folks that I am going to support 244 all the way and not make any reductions there. I am asking to consider \$55,277 on Position 273.

Mr. Kagawa: Second.

Chair Furfaro moved to reduce funding for Position No. 273-IT Specialist IV by fifty five thousand two hundred seventy seven dollars (\$55,277) to account for six months of funding, seconded by Mr. Kagawa.

Chair Furfaro: I have a second. Discussion?

Mr. Bynum: I want to get a clarification. I think I heard Mr. Hunt say both of these positions are actively being recruited right now. And so...and we were in negotiation with someone that did not pan out because we could not pay them what

they thought the position was worth. Brandon is being very selective and he has informed us fully about all of this. I agree with Councilmember Rapozo in retrospect we should not have funded this position last year and should have dollar-funded this year and now it is actively being recruited and again, JoAnn was quite articulate here. We need to support good managers, especially when they come here and tell us what their plans are and lay it out. And now he is ready to move and there is not a Department that does more to save us money and increase productivity than this one. So if it was not actively being recruited I think there are positions we could look at for three-quarters funding.

Chair Furfaro: And this sends the message if you have been actively recruiting three years, you need to look at that. JoAnn.

Ms. Yukimura: These positions are both being actively recruited and they are really hard to fill. If you have someone who is willing to do it, you have to be able to grab them when they say yes. So these are not...and I would...I would say that these positions have been open from the time that Brandon...after he took the position, and did an assessment, it should be...we should say it has been open since he started recruiting. That is really to me how long. Because I think we should allow managers to take time to really understand their situation before they hire. I also think that they should be given leeway to not hire until they find the right person. We all know how important it is to have the right person and how crazy it is when you hire the wrong person.

Chair Furfaro: Well, you said your peace, JoAnn.

Ms. Yukimura: Yes. So I am finishing saying my peace. We have to support good managers.

Chair Furfaro: That is not the question here. The question here is he finds the right person he has the liberty to come to this Council and say I need to re-status that position. In fact, that is exactly what the \$55,000 is saying, continue the recruiting. You are lucky it is not a dollar to hold the position. There is nothing that prevents these guys to interact and dialogue with this Council when they do find the right person and for that reason alone, we should respond positively to good management performance, which is bringing the problem to the Council and we should respond if he feels that is the right guy. I am sorry, putting my offer on the table, Mr. Hooser, you have the floor.

Mr. Hooser: Yes, I supported removing all of the funding, but I will be supporting your proposal, Chair. Going on what...I want to say representative...Councilmember Kagawa said...maybe I am trying to get you to change your job. And what I said earlier in terms of our responsibility, those of us who did oppose the fee and tax increases, and we are trying to do that. But I would suggest that that responsibility extends to everyone, because at the end of the day, those funds have to be achieved one way or the other. So just like I think everybody has to realize that. So I would just encourage everyone to look for savings. If you cannot support some, look for them in other places because we have to get there and we have to be aggressive.

Chair Furfaro: We do have to get there by Noon on Tuesday and if we do not, there is a consequence, the Mayor's budget goes into effect without us.

Mr. Hooser: Quick clarification, it is my understanding that the revenue side of the budget is dependent on our action here. So the Mayor's budget goes into effect out of balance and the Mayor would have to balance it based on the revenue that we pass.

Chair Furfaro: I understand your point and I am referencing his original March 15<sup>th</sup> submittal as well.

Mr. Hooser: They would not be able to spend that money, but reduce it to match.

Chair Furfaro: We have the same understanding. It is everybody's responsibility to either find savings or find revenue and obviously we have to do it through some savings on the expense cycle, because you are not going to find \$2 million in revenue. Any further piece on this? I have a motion and second to reclassify six-month Position No. 273 with savings of \$55,277. Roll call.

The motion to reduce funding for Position No. 273-IT Specialist IV by fifty five thousand two hundred seventy seven dollars (\$55,277) to account for six months of funding, was then put and carried by the following vote:

FOR APPROVAL: Hooser, Kagawa, Rapozo, Furfaro	TOTAL – 4,
AGAINST APPROVAL: Bynum, Nakamura, Yukimura	TOTAL – 3,
EXCUSED & NOT VOTING: None	TOTAL – 0,
SILENT: None	TOTAL – 0.

Ms. Fountain-Tanigawa: 4-3.

Chair Furfaro: So it did not pass.

Mr. Bynum: It did pass.

Chair Furfaro: Okay. I want you to tell me, pass or no pass, so I do not have to do math in my head again. So 4-3, it passed. Okay. Now the other item on the table, Mr. Kagawa, and I want you to know that I will not be supporting it. It is Position No. 244. You do not want to? 244 is the one openly solicited since January. We did not vote on that.

Mr. Kagawa: I want to amend the motion. I want to go half again. Like the other members, I love Brandon, nicest guy you can find and very efficient, but he can come back to us. I just have to stick with my responsibility. I have to be responsible for my cuts. Thank you.

Chair Furfaro: Understood, I just want you to know I will not be supporting your amendment. Any further discussion? Do I have a second?

Mr. Hooser: Second.

Mr. Kagawa moved to reduce funding for Position No. 244-IT Specialist IV by fifty five thousand two hundred seventy seven dollars (\$55,277) to account for six months of funding, seconded by Mr. Hooser.

Ms. Yukimura: When you say "come back to us," it sounds easy, but it may take a money bill, which is first reading, public hearing, and second reading. So it is not that simple. Especially when you are hiring, it is a huge block to being able to move swiftly.

Chair Furfaro: Mr. Rapozo.

Mr. Rapozo: You move it away from available funds in your Department and come to Council to replenish via the money bill. It is easy that time and Ricky, I love you as a manager. You are a great manager and Jay, I love you, too. But your position sits empty for a year. I am sorry, Ricky, I love you, but you are out. Former Councilmember Kualii brought this up last year, the people see this budget and we approve the budget for positions and they do not hire them. They use the funds for something else. That is what bothers me. They do not have to come to the Council and say, you know what?

We are not going to use those moneys. That is \$300,000 plus thousands of dollars that could be used for anything else. That is what bothers me. I will support the \$55,000 that gives Brandon a window of six months to go out and hire. It takes longer to hire someone than to get a money bill, really, even with the new HR, it is still taking a long time. So six months is pretty much a reasonable time, and again, it is quicker to get a money bill than to hire someone. So I will be supporting the \$55,000. Thank you.

Chair Furfaro: Any further discussion before I call for the vote?

The motion to reduce funding for Position No. 244-IT Specialist IV by fifty five thousand two hundred seventy seven dollars (\$55,277) to account for six months of funding was then put and carried by the following vote:

FOR APPROVAL: Hooser, Kagawa, Rapozo,	TOTAL – 3,
AGAINST APPROVAL: Bynum, Nakamura, Yukimura, Furfaro	TOTAL – 4,
EXCUSED & NOT VOTING: None	TOTAL – 0,
SILENT: None	TOTAL – 0.

Chair Furfaro: 244 remains intact. Do we have any more in IT, or IT Finance? Are we done with Finance-Administration? Finance IT? Finance-Administration?

Ms. Fountain-Tanigawa: We are now on Finance-Treasury.

Chair Furfaro: Finance-Treasury. Okay. Looks like there is no discussion on Treasury. I want to make a question though for the Treasury. I want to get an answer from the Administration that if I can by Monday, I want to know about the Bond money that has been financed for the sprinkler system at the Wailua Golf Course? There is an allocation in the budget supporting the principle and interest of \$193,944 and how close are we to the end of that financing? No others in Treasury?

Ms. Fountain-Tanigawa: We have Finance-Drivers' Licensing.

Chair Furfaro: Finance-Drivers' Licensing.

Ms. Fountain-Tanigawa: Finance-Motor Vehicle.

Chair Furfaro: No items?

Ms. Fountain-Tanigawa: Finance-Real Property Assessment.

Chair Furfaro: Finance-Real Property Assessment? No.

Ms. Fountain-Tanigawa: Finance-Real Property Collections.

Chair Furfaro: Finance-Real Property Collections? No. Finance Purchase? No. Finance-Risk Management? No. It brings us to Personnel. We are closing Finance overall. At this point, is there anyone that has any item that they want to be reconsidered at this time? No? Finance is closed. What was the Finance savings? You have such a petite voice. \$55,277, savings from Position No. 273. Finance is closed. Next item.

Chair Furfaro: Department of Personnel Services.

Mr. Kagawa: Yes, I have one, and this is what is happening now as I believe I heard from Personnel, Tom has stepped up to do the Director's job and I believe that the Human Resource Department is still working on getting a lot of the other Departments to fall in. Therefore, I believe at least for this fiscal, we should dollar-fund

Tom's previous position, and we should just allow the Department to run without that manager position. So I have not done all of the totals, Staff, if you could do it? And if members do not agree with that, we can go with a second proposal and project when they would be hiring Tom's replacement. Because right now Tom is already sitting there in that job and I want to commend him for doing that job. But like I said, it is a, pretty small Department. Large responsibility, but we have got a Director at \$103,000. And then we have three other managers at nearly \$100,000 or over and most of our large Departments we only have a Deputy and a Director and I just think it is kind of overkill. It may have been an oversight last year by the Council, but I will not judge the past. Thank you.

Chair Furfaro: So although you are collecting data and I will ask Mr. Heu to come to the table and we are saying that the position that Tom vacated to be the acting...I want to look at the savings there?

Mr. Kagawa: Correct, Mr. Chair.

Chair Furfaro: At least all or a portion until it is filled.

Mr. Kagawa: Let us go for all of it and then go to the projected months we expect to hire a replacement. Thank you.

Chair Furfaro: You are asking the staff to give you what that number is? You do not need to rush through it. They are working on that number for you right? I am going to suspend the rules for Mr. Heu.

There being no objections, the rules were suspended.

Mr. Heu: Thank you, Chair, for the record Gary Heu. I want to clarify Tom is still currently in his old position and he is receiving a differential for acting in the capacity of the Director. So I really do not think that is something that we want to do.

Chair Furfaro: So just to get clarification. Tom is in the position right now, which in today's existing budget, the Director's position does not exist?

Mr. Heu: It is vacant.

Chair Furfaro: It does exist?

Mr. Heu: It is vacant.

Chair Furfaro: So what I am saying what Mr. Kagawa is saying that he is saying whether you gave him a differential over his old pay or not, this portion is vacant and we are saving some allocation of money because Tom is wearing two hats. Whether it is the differential or if he actually moved up in a temporary role as the Director.

Mr. Heu: Yes. So probably...

Chair Furfaro: Which is it?

Mr. Heu: I think I see where you folks want to go with it and probably the more appropriate way to approach it is based on the timing of staffing for the Director, for the hiring of a new Director, to short-fund that position.

Chair Furfaro: Okay and for the new Director, I had gotten from our meeting with them...were you talking to me? You indicated that an October 1 date....

Mr. Heu: I think that is what they represented.

Chair Furfaro: That is what they represented to us. But is that \$39,000 is that represented as already being out of your budget?

Mr. Heu: No, I think we fully funded the position.

Chair Furfaro: You fully funded.

Mr. Heu: The budget shows it fully funded.

Chair Furfaro: So part of Mr. Kagawa, there is \$39,043 savings if the new HR person does not start until October 1<sup>st</sup>?

Mr. Heu: If that is what the calculation is.

Chair Furfaro: That what they presented to us.

Mr. Heu: Okay.

Chair Furfaro: So there is \$39,000 there.

Mr. Rapozo: It is \$156,770.

Chair Furfaro: What I am saying is during the budget time, they presented that even as fully funded in the budget, and they were not going to start until October 1<sup>st</sup>, which gives us almost \$40,000 savings.

Mr. Kagawa: That is why I wanted the two proposals. We tried for the first one...

Chair Furfaro: Got it.

Mr. Kagawa: If we do not have the votes then let us just go for the realistic one.

Mr. Rapozo: I have a question for Gary.

Chair Furfaro: Well, I think the theory from Mr. Kagawa is what we are doing here is we are required to put some reach and of course, there is the secondary position, which is the narrative that they gave us at budget time. That is potentially \$40,000 of savings. I got that right, Mr. Kagawa? Yes. Gary, did you have any more?

Mr. Rapozo: I have a question for Gary. Gary, you said that Tom is currently in his current position and he is not the Acting Director.

Mr. Heu: He is acting as the Director, so he is being compensated, paid a differential. It is kind of like a TA.

Mr. Rapozo: Okay.

Mr. Heu: Because the Commission has taken no official action to put him into that position.

Mr. Rapozo: I know the Chair mentioned October, but it did not sound like the Commission was rushing. It does not sound like the Commission was looking at filling that position any time soon.

Mr. Heu: Yes.

Chair Furfaro: It was the Commissioners who told us October  
1<sup>st</sup>.

Mr. Rapozo: But I think it was almost a...I will not say coerced but encouraged, how about October? Yeah, sounds about right, and I was not convinced that they were actively recruiting that position as Brandon is.

Chair Furfaro: You are saying it is going to be longer?

Mr. Rapozo: I think it will be. I am not sure if Tom is in his existing position that we can dollar-fund the position.

Chair Furfaro: I do not think we can. I do not think we can, but I am planning to ask Amy to come up, because I have a couple of questions as well. Vice Chair and back to Mr. Kagawa.

Ms. Nakamura: My recollection of our discussion was that they were going to redo the job description for that position. They are going to be initiating a pretty comprehensive search process to find the most qualified person, to lead this new Agency. And I think we tried to encourage them to take that time, do it right and get the right person there. And I think that is going to take time. So my proposal was going to give them six months and see what happens at that point. So I was going to see if it is legal to do it that way.

Chair Furfaro: I mentioned I was going to bring Amy up. So  
your thought is six months?

Ms. Nakamura: Yes.

Chair Furfaro: I just want to figure this out myself real quick.

Mr. Rapozo: Is it possible if Tom's position is dollar-funded, is it possible to transfer the funds from the Director's position to that position? I believe you can. It is unexpended salaries and within the Department, they could move that money and it basically balances out.

Chair Furfaro: Mr. Heu, would you take a seat here and Amy, hold on. Your question is to Mr. Heu.

Mr. Rapozo: I think the Charter allows transferring of unexpended salaries, and if you have a vacant Director of Personnel Services, funded at \$100,000 or whatever it is and you have a person temporarily sitting in a position number that is dollar-funded, I would assume that moneys can be transferred to the position to fund that person that is on temporary assignment. It is a wash, because you are taking what would have gone to the Director to this TA, this Temporary Assignment. So you would do that, and at the time...I do not know whatever they decide to hire or appoint someone, at that point, I think we would know. Because like now we are funding two positions for one person.

Chair Furfaro: Introduce yourself.

Mr. Hunt: Steve hunt, Director of Finance. I think one of the challenges if you dollar-funded Tom's position and used the Director's pay to pay him and then a Director were hired and you did not have anything more than a dollar in that position, now you have a Director and Tom and there is no funding for both.

Mr. Rapozo: Well, you will have funding for the Director.

Mr. Hunt: Right, but you are saying that you are using the Director's pay to fund Tom the dollar position because he is still in that position.

Mr. Rapozo: Understand.

Mr. Hunt: We are taking away all your pay Tom, but pay with you with the Director, but when the Director is hired and the Director and Tom co-exist in the same Fiscal 2014 budget.

Mr. Rapozo: Obviously we have to fund that position when that happens. And I think the proposal from Councilmember Nakamura with six months would work, because you have the six months and I do not think they will hire someone in six months, honestly, because of what they said. I think they agreed to the six-month partial funding, but just the search alone would take a while.

Chair Furfaro: I want to get some clarification here. This is Mr. Kagawa's consideration. Thank you, Ricky. There are two parts here. Let us talk about the money. There is a minimum of \$39,043 including PT&E, if we say the start date is October 1<sup>st</sup>, the \$78,086 available to us if we go with Council Vice Chair's recommendation is a January 1<sup>st</sup> start. Are we clear on that? Okay. That is the financial part. On the other question dealing with partial budgeting for a position for a Director, are there any legal challenges we have there? And if you have to call on the resources for the Department, those wonderful ladies have been sitting towards the back of the room for part of the day and we can call them up, okay? I do not see Tom. He is not here now. Okay. So I want to make sure that we understand the two parts. There is a \$78,000 number for six months. They must change the tape. This is not a five-minute answer.

There being no objections, the Council recessed at 3:57 p.m.

The Council reconvened at 4:06 p.m., and proceeded as follows:

Chair Furfaro: Okay, we are back and I guess Crystal, can I have you come up and join us? What I am...I want you to red-flag anything with your professional years in HR, if I am stating it that causes you any concern, that you are right at a mic to tell us. Okay? It looks like around the table, there are probably will be a motion that will save about \$79,000. How is that done? That would be done by not filling the HR Director's position until January 1<sup>st</sup>. Okay? Now that being said, is there anything that prevents us using Tom for that amount of time in a temporary transfer? Does it cause any confusion or any permanent escalation in his salary because he has been temporary transferred for a long period of time?

There being no objections the rules were suspended.

CRYSTAL FUJIKAWA, Human Resources Manager: That is a no.

Chair Furfaro: Okay and if we do that, that actually is pushing it more...that is another three months more than what we heard from the members who came from the Civil Service Commission. Amy do you see any problems with that? Can you can stay right there. Do you see any problems with that?

AMY ESAKI, First Deputy County Attorney: No, I do not see any problems.

Chair Furfaro: Because I think that is something that will come out of this discussion, if I can revisit with Mr. Kagawa on what his motion is and we will go

into a discussion on that motion, but it has got to be made first. Okay. Let me get a motion on the table first. You are going to make the motion.

There being no objections the meeting was called back to order and proceeded as follows:

Ms. Nakamura: So the motion is to reduce the position of Director of Personnel Services by the amount \$79,670 and that includes the regular salary, Social Security, Health Fund, Retirement Contribution, and OPEB. Again the total is \$79,670 and that is just to recognize that there will be a lengthy process, a thorough process to fill this position. We want to encourage that.

Ms. Nakamura moved to reduce funding for the Director of Personnel Services by six months in the amount of \$79,670, seconded by Mr. Kagawa.

Chair Furfaro: We have a second from Mr. Kagawa. Based on that, you have no more to contribute to us and I will let you go back to your seat. Excuse me, Mr. Bynum has a question for you. Hold on, Mr. Bynum, you have the floor.

There being no objections, the rules were suspended.

Mr. Bynum: I kind of knew where the Chair was going with this. I just want to know from you guys, do you anticipate that the Director would be hired before January 1<sup>st</sup>?

Ms. Fujikawa: I do. Well, January 1<sup>st</sup>, I think that is comfortable. I think that is comfortable.

Chair Furfaro: Okay.

Mr. Bynum: So even if you were recruiting in December, or October/November, whoever you hired you would say we have selected you, but we cannot...there could be a delay is that right?

Ms. Fujikawa: That is correct, yes.

Mr. Bynum: I heard you say you could live with January 1<sup>st</sup>. Thank you.

Chair Furfaro: Thank you. Any more questions for Crystal or Amy? No? Thank you ladies.

There being no objections, the meeting was called to order and proceeded as follows:

Chair Furfaro: I am going to call the meeting back to order. The motion on the floor deals with saving approximately \$79,000 on the adjusted start-date for the new Director of Human Resources for January 1<sup>st</sup>. Discussion, members?

The motion to reduce funding for the Director of Personnel Services (6-months funding) in the amount of seventy-nine thousand six hundred seventy dollars (\$79,670) was then put, and carried by the following vote:

FOR APPROVAL: Bynum, Hooser, Kagawa, Nakamura, Rapozo, Furfaro	TOTAL – 7,
AGAINST APPROVAL: None	TOTAL – 0,
EXCUSED & NOT VOTING: None	TOTAL – 0,
SILENT: None	TOTAL – 0.

Chair Furfaro: Seven ayes. Thank you very much. No reconsiderations? Very good. I think I want to end on the HR Department. Do we have any more associated items with HR? No? Very good. Recap a couple of items for today. Could you add up the total amount of expenses that I have and just give me a little note here at the end of the day I want to say where we are at.

Mr. Rapozo: Mr. Chair, I had a question for Personnel.

Chair Furfaro: Okay.

Mr. Rapozo: And it was regarding the two 89-day contract positions. If someone could explain what that is for.

Chair Furfaro: Crystal, we have questions about two 89-day contracted positions, that either one of you ladies that could help us answer that and if not, Mr. Heu, could you answer that? Steve, could you answer that? Two 89-day contract positions in the HR Department and trying to get a little more information about what it might be. Steve, did you hear that? It is page 65. Everybody should introduce themselves again if you are going to speak.

There being no objections, the rules were suspended.

JOYCE SCHUIERER, Department of Personnel Services: To the best of my knowledge, the original intent for those two positions was to assist us in getting our personnel and payroll records in our systems caught up-to-date, because we were still behind, but that was the original intent that I remembered.

Mr. Rapozo: That has been completed?

Ms. Schuierer: No, it has not.

Mr. Rapozo: We do not even have the software yet, do we?

Ms. Schuierer: We are just talking about our current payroll system and taking the information that was in the past and getting it updated into our current system.

Mr. Rapozo: When is that scheduled to get done?

Ms. Schuierer: I do not know, we have not discussed it in a while.

Mr. Hunt: Steve Hunt Finance Director and I believe these are positions that they are looking at to assist in the HRIS clean-up. It will be associated with Fiscal Year 2014 and I believe they had four or five meetings on that subject and the time and attendance is the remaining piece that is remaining to be coordinated with the system, but some of the data that we need exists, but is not clean and needs to be scrubbed and that is what those positions are going to help do is clean that data.

Mr. Rapozo: Thank you.

There being no objections, the meeting was called back to order and proceeded as follows:

Chair Furfaro: In wrapping up yet, we have taken the vote on the \$79,000. No further questions for HR? Okay. Before I close this, any reconsiderations for Personnel? None? Personnel is closed. Okay. I want to recap the day, if I can. As you know, we started the day chasing \$2,187,000, which was revenues from the Solid Waste

Tipping Fee and the Vehicle Registration and we have adjusted downwards at the end of today \$372,282. So we are still looking for about \$1,790,000. That is where we are going to end the day, but before we close the day, Mr. Heu I will give you the floor and I have a couple of reminders for the Finance Director.

There being no objections, the rules were suspended.

GARY K. HEU, Managing Director: Thank you, Chair Furfaro. For the record Gary Heu. Chair, just so that I am clear on how the proceedings are going to play out tomorrow. As you saw today we had our Parks Director here, our Public Works folks here, because I was not sure how you were going to approach of the exercise of the cuts. So maybe so that we are not hanging our people out tomorrow, what I will do is if you are going to continue this method of going through each Department, we will just make sure that Departmental personnel are here at the point in time that you hit their budget relative to operational cuts. We have never done that in the past necessarily. This year we thought, because of some of the dialogue we wanted our big-hitter type Departments here, but I think based on what I am seeing...

Chair Furfaro: I will tell you what my plan is here, Gary so we can cut the narrative. I am following from page 3 or page 4 your May 8<sup>th</sup> submittal. Okay?

Mr. Heu: Right.

Chair Furfaro: By those Departments. We are going through expenses and today we ended at HR, no need to come back. Tomorrow we will start with planning at 10:00 a.m. Okay? When we get through that, we will close it and so forth and we will come back and revisit that same sequence where there are additions of revenue. Okay?

Mr. Heu: Okay.

Chair Furfaro: So if you would like, I would say tomorrow we are planning to call Planning. Planning is here, who is on call? Economic Development is on call. After Economic Development, Police is on call. That is how we will do it.

Mr. Heu: Okay.

Chair Furfaro: I would appreciate it from you, to understand that I would like to have the next team in the batter's box.

Mr. Heu: Absolutely.

Chair Furfaro: And I would like to keep the chalk laid out that way, so not a lot of kicking and screaming and when you know you are supposed to be here, do not kick the lime dust, but be here and be in that order and if we could be one ahead of, it I would really appreciate it.

Mr. Heu: No problem.

Chair Furfaro: And we will go through the same sequence on the revenue parts.

Mr. Heu: I appreciate knowing that, Chair. Because as I said, historically we have not known.

Chair Furfaro: I appreciate it that you had everyone here. We got a little flavor of the popsicle today.

Mr. Heu: And because of the level of details to which we are drilling, Steve and I are not going to be able to answer every little question about every Department and it would be helpful to have them here.

Chair Furfaro: I appreciate that.

Mr. Heu: Thank you.

Chair Furfaro: Mr. Bynum.

There being no objections, the meeting was called back to order and proceeded as follows:

Mr. Bynum: Question for you Chair. I just want to be clear, we are going to go through the Department for cuts and...

Chair Furfaro: Yes, expenses.

Mr. Bynum: And then go through Department by Department through additions or revenues?

Chair Furfaro: Let me clarify revenue/adds, meaning adding dollars. If you are looking to add persons you have to be able to show me where you got the funds to add that person. If you want to add something now is that your question?

Mr. Bynum: No. My question is that I will have a proposal about tax rates so when will that come in?

Chair Furfaro: The revenue cycle which is the second part of this piece.

Mr. Bynum: The first time I ask for an addition, I will present the entire...

Chair Furfaro: When we get to Finance Real Property and you want to talk about the tax portion that is the time to do it.

Mr. Bynum: Okay.

Chair Furfaro: Fair enough?

Mr. Bynum: Okay.

Mr. Rapozo: I just need some clarity. Let us say I have an add of a position. I will use one that I is going to suggest is in Finance, it is in Finance, it is in Accounting it is an Accountant. \$30,000...at what point do we?

Chair Furfaro: When we get to Finance adds, so I want to get to the point that this is what we have in savings and now we are going to say that Finance is broken up with Real Property Tax, with staffing, Administration.

Mr. Rapozo: Got it.

Chair Furfaro: If you want to add, that is the second time around, but let us see what we have to add with.

Mr. Rapozo: I understand.

Chair Furfaro: And I am not having a problem with the fact that I am going to say that I have some adds, too. But mostly about revenue, adding revenue, Okay?

Mr. Bynum: I am sorry, I do not mean to belabor this, but at some point we have to vote on new tax rates?

Chair Furfaro: Yes, which will be a separate piece in the budget. We know what those tax rates are.

Mr. Bynum: When will we vote on setting those?

Chair Furfaro: Towards the end. Do you want me to give you date and time specific? I cannot right now. Towards the end of the sequence.

Mr. Bynum: I do not have a lot of adds, but those I have, I want to address the revenue needs through property tax rates.

Chair Furfaro: And when we get to property tax, second time around, on the tax rates, that is the time to talk about it.

Mr. Bynum: Okay.

Chair Furfaro: Okay. Fair enough?

Mr. Bynum: I think I get it.

Chair Furfaro: Okay. Mr. Hooser.

Mr. Hooser: Just a little bit more clarity on the process. So we are looking at a \$1.79 million or \$1.8 million.

Chair Furfaro: Whatever that number is where we ended today.

Mr. Hooser: We are in the red basically in the budget.

Chair Furfaro: We are in the red for that amount.

Mr. Hooser: Do we have to get into the black before we add?

Chair Furfaro: I think it would be wise. Do we have a yes check?

Mr. Hooser: So the point is that if we go through the process, and we are not in the black.

Chair Furfaro: Do not be planning to add.

Mr. Hooser: And the other thing would be the revenue or further cuts or another round of cuts.

Chair Furfaro: And I have a few revenue adds that I am proposing.

Mr. Hooser: I assume that the Administration wants to make other suggestions for cuts rather than have us hack and slice and chop and if they have other things that they would want to help us, they are welcome to suggestion that also?

Chair Furfaro: I would think that is right, but I want to remind everybody. The Administration already had twelve days. We have three and a half.

Mr. Hooser: I understand that. It would be a lot easier, because they do know inside their offices better and while we are trying to get at that number and we will get at it one way or another.

Chair Furfaro: I think they got a clue where I am coming from, because they are telling us \$11.6 and I am saying based on the fact that you have \$2.6 already in the account, my forecast for revenue we are short right now about \$1.7 million. I think there is \$1.7 million that we are short that we are not accounting for. That is a forecast, that is a reasonable guess.

Mr. Hooser: Just for the record, I believe our Office Department is around five percent (5%) reduction. Overall we accomplished it.

Chair Furfaro: We accomplished that, yes we did and thank you for pointing that out. We had shown a five percent (5%) belt-tightening at least, maybe a little bit more. Mr. Kagawa.

Mr. Kagawa: Thank you, Mr. Chair, I have two points. You said Human Resources does not have to be here, but I think if you look at the cuts, Four out of seven cuts came in bodies. So therefore, I think if the personnel person who handles each Department may need to be here to clarify where they are in the process of hiring. Because I have a lot more to go.

Chair Furfaro: Good point, but I would say, if the Division Head does not know what that individual does or does not do for them, and they cannot speak up, I certainly do not expect Crystal to come and speak up. I expect the Department Head to be here to say why I value that position.

Mr. Kagawa: Okay. And my second point, you know is that I do not want to turn this into a pity party, but I feel that the people...

Chair Furfaro: Did you say "pity party?"

Mr. Kagawa: Yes, the but the thing is this, the people who voted for the tax increases are at an advantage, because if they do not vote for my cuts, then I still do not get the credit. But then the fact of the matter is that I was only one of three votes...I do not know. I feel like if I propose cuts and getting back to what I was talking about earlier, if I propose a cut, but it does not pass do I not get credit for my cut?

Chair Furfaro: I am saying as part of the team we are recognizing what you put on the table to offer.

Mr. Kagawa: Thank you, Mr. Chair. I love the praise.

Chair Furfaro: It is well-deserved as well. So along those lines, any more questions or comments before we close today? Yes, go right ahead.

Ms. Nakamura: I just wanted to agree with Councilmember Kagawa, that if the route we are going to go is looking at those vacant positions and looking at what is the realistic hire-date, then I think if we can have that information from the Department Head, at the time of the deliberation, it would be very helpful.

Chair Furfaro: Rules are suspended, Mr. Heu, did you want to respond to that?

There being no objections, the rules were suspended.

Mr. Heu: Yes, thank you, Chair. Yes, that is why originally I had asked for both Janine Rapozo and for Crystal to be here the entire deliberation time. So if you are proposing to do something with a vacant position, it would be good to know real time where in the process that position is? So that is the support that they are here to support. Janine will be here tomorrow also.

Ms. Nakamura: Thank you.

Chair Furfaro: I just want to remind everybody that is your call who you have here to do this. This is the single biggest interaction between the Administration and the Council every year. You have to make some choices about having the right people here for the right reason. In the order of Department Heads we are going to follow your May 8<sup>th</sup> submittal. I hope that helps.

Mr. Heu: Thank you.

There being no objections, the meeting was called back to order and proceeded as follows:

Chair Furfaro: Members, I am not going end by asking you to help me sing happy birthday to the building. But the building is 100 years old today and at 5:00 p.m. with the Chamber people next door at the Museum, we are going to have a walking tour of the building. Can you take your *ukana* and make it look organized on the table, or put it in the back room? One or the other is acceptable. Thank you and we are recessed for today.

There being no objections, the Committee recessed at 4:29 p.m.